



October 12, 2017

\$67,000,000

Friendship Village of Mill Creek, NFP (GreenFields of Geneva)

REQUEST	<p>Purpose: Proceeds of the IFA Series 2017 Bonds (the “Series 2017 Bonds”), together with other funds, will be used to: (i) discharge the outstanding Series 2010 Bonds (defined below) that were issued for the benefit of Friendship Village of Mill Creek, NFP d/b/a GreenFields of Geneva (“GreenFields” or the “Borrower”); (ii) fund certain capital expenditures, including mold remediation and HVAC refurbishment; (iii) fund a debt service reserve fund, an operating reserve fund, a working capital fund and a funded interest account; and (iv) pay costs of issuance.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: Requesting Waiver of Board Policy for non-rated bonds.</p>								
BOARD ACTIONS	Final Board Resolution (<i>One-time consideration</i>).								
MATERIAL CHANGES	None								
JOB DATA	<table border="0"> <tr> <td>130 FTE’s</td> <td>Current jobs</td> <td>10</td> <td>New jobs projected</td> </tr> <tr> <td>130 FTE’s</td> <td>Retained jobs</td> <td>3</td> <td>Construction jobs projected</td> </tr> </table>	130 FTE’s	Current jobs	10	New jobs projected	130 FTE’s	Retained jobs	3	Construction jobs projected
130 FTE’s	Current jobs	10	New jobs projected						
130 FTE’s	Retained jobs	3	Construction jobs projected						
DESCRIPTION	<ul style="list-style-type: none"> ● Location: Geneva (Kane County) ● GreenFields of Geneva (the “Community”) was developed as a continuing care retirement community (“CCRC”) offering independent living, assisted living, memory support assisted living and nursing services. The community, located in the Mill Creek master planned development, is surrounded by a golf course, park, school and residential neighborhood. Mill Creek is located in Geneva, Illinois in Kane County which is approximately 40 miles due west of downtown Chicago. The Community is situated on approximately 14 acres of a 26 acre campus which includes a revitalized natural stream and is bordered by golf holes from one of Mill Creek’s two onsite golf courses. ● The Community offers a variety of living accommodations in a campus-like setting. Housing, community buildings and health care are blended together to create an attractive, supportive environment for residents. In order to support independence and autonomy, special consideration is given to providing a community which does not create physical barriers that would limit residents’ activities. The community consists of 147 independent living units (the “Independent Living Units”), 51 assisted living units (the “Assisted Living Units”), 26 memory support assisted living units (the “Memory Support Units” and together with the Assisted Living Units, the “Assisted Living Center”) and 43 nursing beds (the “Health Center”). Additionally, the Community has common areas and facilities to support those units and the programming provided to residents. The community provides an underground parking garage as well as surface parking. ● The Community was developed by Friendship Senior Options (“FSO”). FSO is the sole corporate member of Greenfields. The development of the Community was financed with the proceeds of the following Illinois Finance Authority Revenue Bonds (Greenfields of Geneva Project) collectively, the “Series 2010 Bonds”: (i) \$89,100,000 Revenue Bonds, Series 2010A, all of which are outstanding (ii) \$5,000,000 Revenue Bonds, Series 2010B (Accelerated Redemption Reset Option Securities (ARROSSM)), all of which are outstanding, (iii) \$3,575,000 Revenue Bonds, Series 2010C-1 (Tax-Exempt Mandatory Paydown Securities (TEMPS-75SM)), all of which are outstanding (iv) \$8,325,000 Revenue Bonds, Series 2010C-2 (Tax-Exempt Mandatory Paydown Securities (TEMPS-65SM), which are no longer outstanding and (v) \$11,600,000 Revenue Bonds, Series 2010C-3 (Tax-Exempt Mandatory Paydown Securities (TEMPS-50SM), which are no longer outstanding. The proceeds of the Series 2010 Bonds were used (a) to pay or reimburse the Borrower, or 								

	<p>refinance outstanding indebtedness the proceeds of which were used for, the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects” (as such term is defined in the Act) for the Community; (b) to refund, pay or repay outstanding indebtedness or funds used to pay pre-construction development costs with respect to the Community and additional pre-construction funding as required for the Community, including (i) all of the outstanding principal amount of the Authority’s \$5,500,000 Bond Anticipation Notes, Series 2007 (Tallgrass at Mill Creek Project), (ii) all of the outstanding principal amount of the Authority’s \$3,335,000 Bond Anticipation Notes, Series 2008A (GreenFields of Geneva Project) , (iii) all or a portion of the outstanding principal amount of the Authority’s \$350,000 Taxable Bond Anticipation Notes, Series 2008B, and (iv) prefinance capital from FSO and other sources; (c) to fund debt service reserve funds; (d) to pay a portion of the interest on the Series 2010 Bonds; (e) to provide working capital; and (f) to finance certain costs of issuance.</p> <ul style="list-style-type: none"> ● The Community encountered design and construction defects that delayed opening of the facilities and was also impacted by the economic recession occurring at the same time. With the consent of a majority of the Series 2010 Bondholders, the Community retained professionals who marketed the Community for sale to potentially interested parties. Through this process, GreenFields identified FSO as submitting the highest and best bid for the Community. On April 20, 2017, GreenFields filed for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Illinois (the “Bankruptcy Court”). The Bankruptcy Court approved FSO as the “initial bidder,” with a bid to retain their interests in the Community that provided for \$52,800,000 to be funded by proceeds of the Series 2017 Bonds, subject to overbids at an auction to be overseen by the Bankruptcy Court. Bids for this auction were due on July 19, 2017 and no bids were received. Holders of a majority in principal amount of the outstanding Series 2010 Bonds decided not to credit bid in opposition to the FSO bid. Because no additional bids were received, GreenFields is moving forward to consummate the transaction with FSO. Pursuant to FSO’s bid, GreenFields and FSO will jointly propose a plan of reorganization in which FSO will remain the sole corporate member of Greenfields and the outstanding Series 2010 Bonds will be discharged. ● FSO Taxable Bonds: FSO provides, and is expected to continue to provide, all management services to the Community. Prior to the issuance of the Series 2017 Bonds, FSO is planning to issue a taxable series of bonds (the “FSO Taxable Bonds”), the proceeds of which will fund: (a) a \$5 million equity contribution to GreenFields, (b) a \$7.5 liquidity support fund for GreenFields, (c) a debt service reserve fund for the FSO Taxable Bonds and (d) costs of issuance of the FSO Taxable Bonds and the Series 2017 Bonds. The FSO Taxable Bonds are to be guaranteed by Friendship Village of Schaumburg (“FVS”), an affiliate of FSO and GreenFields, which guarantee will be secured by a master note issued under the FVS Master Indenture.
SECURITY/MATURITY	<ul style="list-style-type: none"> ● The Series 2017 Bonds are expected to be secured by: <ul style="list-style-type: none"> ○ a pledge of gross revenues of the Borrower, a first lien on all assets of the Borrower, including a mortgage of the property upon which the Community is located, ○ a debt service reserve fund; and ○ \$7.5 million in a liquidity support fund (the “Liquidity Support Fund”) to be held with the Trustee for the FSO Taxable Bonds and disbursed at the direction of the Bondholder Representative to fund shortfalls in income available for debt service (should it be necessary for Greenfields to meet the required debt service coverage ratio) and shortfalls in cash (should it be necessary for Greenfields to meet the required Days Cash on Hand). ● The Series 2017 Bonds will fully mature not later than 35 years from the issuance date.
CREDIT INDICATORS	<ul style="list-style-type: none"> ● The Series 2017 Bonds will not be rated.
STRUCTURE	<ul style="list-style-type: none"> ● GreenFields contemplates the issuance of not-to-exceed \$67.0 million of tax-exempt bonds. The Series

2017 Bonds will be sold in a limited offering by Cross Point Capital, LLC as the “**Underwriter**” and purchased by investors for which Hamlin Capital Management, LLC (the “**Bondholder Representative**”) z

- The Bondholder Representative will deliver an investor letter signed on behalf of its clients, who are “accredited investors” and “qualified institutional buyers.” The letter is not a traveling investor letter; however, any Series 2017 Bonds not held by the Bondholder Representative on behalf of its clients must be sold in authorized denominations of \$250,000. The investor letter will provide that the Bondholder Representative is not relying on the Authority in connection with its decision for its clients to purchase the Series 2017 Bonds.
- The Series 2017 Bonds are expected to be issued in a single series of fixed rate, tax-exempt bonds.
- GreenFields is requesting that the Series 2017 Bonds be issued in denominations less than \$100,000 (i.e., \$25,000) and is requesting a waiver of the IFA unrated and non-credit enhanced debt policy regarding authorized denominations. If any Series 2017 Bonds are no longer beneficially held by the Bondholder Representative or clients of the Bondholder Representative, the “Authorized Denominations” for such Series Bonds will be a minimum of \$250,000.

**SOURCES AND USES
 ESTIMATED**

		<u>Bond Proceeds</u>	<u>Equity</u>	<u>Total</u>
Sources:	Series 2017 Bonds	\$65,000,000	-	\$65,000,000
	FSO Contribution	-	\$5,000,000	5,000,000
	Total Sources	65,000,000	5,000,000	70,000,000
Uses:	Bond-Funded Payment to 2010 Bondholders	\$52,800,000	-	\$52,800,000
	Capital Expenditures	2,500,000	-	2,500,000
	Working Capital Cash	-	200,000	200,000
	Debt Service Reserve Fund	5,000,000	-	5,000,000
	Capitalized Interest Fund	3,400,000	-	3,400,000
	Operating Reserve Fund	-	3,200,000	3,200,000
	Costs of Issuance*	1,300,000	1,600,000	2,900,000
		\$65,000,000	\$5,000,000	\$70,000,000

*Estimated breakdown provided in “Confidential” section

RECOMMENDATION

Credit Review Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 12, 2017**

Project: Friendship Village of Mill Creek, NFP (GreenFields of Geneva)

STATISTICS

Project Number: 12410	Par Amount: \$67,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
City: Geneva	County/Region: Kane/Northeast

BOARD ACTION

Final Board Resolution (*One-time Consideration*) No IFA Funds at Risk
Conduit 501(c)(3) Bonds
Extraordinary Conditions: Waiver of Board Policy for non-rated bonds
Credit Review Committee recommends approval.

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Proceeds of the IFA Series 2017 Bonds (the “**Series 2017 Bonds**”), together with other funds, will be used to: (i) discharge the outstanding Series 2010 Bonds (defined above) that were issued for the benefit of Friendship Village of Mill Creek, NFP d/b/a GreenFields of Geneva (“**GreenFields**” or the “**Borrower**”); (ii) fund certain capital expenditures, including mold remediation and HVAC refurbishment; (iii) fund a debt service reserve fund, an operating reserve fund, a working capital fund and a funded interest account; and (iv) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Series 2017 Bonds paid to bondholders and thereby reducing the borrower’s interest expense.

VOLUME CAP

501(c)(3) Bond issues do not require Volume Cap.

JOBS (UPDATE)

Current employment: 130 FTEs	Projected new jobs: 10 FTEs
Retained jobs: 130 FTEs	Construction jobs: 3 FTEs

ESTIMATED SOURCES AND USES OF FUNDS

		<u>Bond Proceeds</u>	<u>Equity</u>	<u>Total</u>
Sources:	Series 2017 Bonds	\$65,000,000	-	\$65,000,000
	FSO Contribution	-	\$5,000,000	5,000,000
	Total Sources	65,000,000	5,000,000	70,000,000
Uses:	Bond-Funded Payment to 2010 Bondholders	\$52,800,000	-	\$52,800,000
	Capital Expenditures	2,500,000	-	2,500,000
	Working Capital Cash	-	200,000	200,000
	Debt Service Reserve Fund	5,000,000	-	5,000,000
	Capitalized Interest Fund	3,400,000	-	3,400,000
	Operating Reserve Fund	-	3,200,000	3,200,000
	Costs of Issuance*	1,300,000	1,600,000	2,900,000
		\$65,000,000	\$5,000,000	\$70,000,000
*Estimated breakdown provided in “confidential” section.				

FINANCING SUMMARY

Security: The Series 2017 Bonds are expected to be secured by a pledge of gross revenues of the Borrower, a first lien on all assets of the Borrower, including a mortgage of the property upon which the Community is located, a debt service reserve fund and \$7.5 million in liquidity support (through the Liquidity Support Fund) from FSO.

Structure: GreenFields contemplates the issuance of not-to-exceed \$67.0 million of tax-exempt bonds. The Series 2017 Bonds will be sold in a limited offering by Cross Point Capital, LLC as the “Underwriter” and purchased by investors for which Hamlin Capital Management, LLC (the “**Bondholder Representative**”) acts as investment advisor. Hamlin Capital Advisors, the limited special purpose financial advisor to GreenFields, has certain common ownership with the Bondholder Representative.

The Series 2017 Bonds are expected to be issued in a single series of fixed rate, tax-exempt bonds.

GreenFields is requesting that the Series 2017 Bonds be issued in denominations less than \$100,000 (i.e., \$25,000) and is requesting a waiver of the IFA unrated and non-credit enhanced debt policy regarding authorized denominations. If any Series 2017 Bonds are no longer beneficially held by the Bondholder Representative or clients of the Bondholder Representative, the “Authorized Denominations” for such Series Bonds will be a minimum of \$250,000.

Interest Rate: Fixed Rate; indicative rate of 7%

Underlying Ratings: The Series 2017 Bonds will not be rated.

Maturity: The Series 2017 Bonds will fully mature not later than 35 years from the issuance date

Estimated Closing Date: October 2017

PROJECT SUMMARY

Proceeds of the IFA Series 2017 Bonds (the “**Series 2017 Bonds**”), together with other funds, will be used to: (i) discharge the outstanding Series 2010 Bonds (defined below) that were issued for the benefit of Friendship Village of Mill Creek, NFP d/b/a GreenFields of Geneva (“**GreenFields**” or the “**Borrower**”); (ii) fund certain capital expenditures, including mold remediation and HVAC refurbishment; (iii) fund a debt service reserve fund, an operating reserve fund, a working capital fund and a funded interest account; and (iv) pay costs of issuance.

BUSINESS SUMMARY

GreenFields has a highly functioning leadership team. Resident satisfaction results are high. Management consistently meets or exceeds budget expectations. Survey results from state agencies for assisted living and skilled are consistently very good with the nursing center having a five star rating from CMS.

Income from occupied units is the primary source of revenue to pay for the community’s expenses. Prior to May 2016, when uncertainty surrounding GreenFields’ financial challenges began to manifest, the Community was able to sustain healthy occupancy for independent living and health care units. Filling assisted living has been a challenge due to a highly competitive market area. The following table reflects current census levels for each level of care:

**Greenfields of Geneva
 Census Summary
 June 30, 2017 and 2016**

Current Month Census:

	Jun-16 Actual	Jun-17 Actual	Payer Mix	Occ %	Jun-17 Budget	Payer Mix	Occ %	Unit Capacity
Total Census	229.70	211.41		79.2%	239.00		89.5%	267
Independent Living (Note A)	137.80	124.67		84.8%	138.00		93.9%	147
Assisted Living (Note B)								
Assisted Living Unit	38.37	35.80		70.2%	42.00		82.4%	51
Memory Support Unit	17.10	13.07		50.3%	19.00		73.1%	26
	55.47	48.87		63.5%	61.00		79.2%	77
Health Care Center (Note C)								
Medicare	23.23	21.37	56.4%		25.00	62.5%		
Medicaid	-	-	0.0%		0.00	0.0%		
Contract	9.20	9.10	24.0%		10.00	25.0%		
Private Pay	4.00	7.40	19.5%		5.00	12.5%		
Total	36.43	37.87	100.0%	88.1%	40.00	100.0%	93.0%	43

Year-to-Date Census:

	YTD Actual Jun-16	YTD Actual Jun-17	Payer Mix	Occ %	YTD Budget Jun-17	Payer Mix	Occ %	Unit Capacity
Total Census	231.53	213.41		79.9%	238.00		89.1%	267
Independent Living (Note A)	138.29	126.43		86.0%	137.33		93.4%	147
Assisted Living (Note B)								
Assisted Living Unit	38.36	35.08		68.8%	41.67		81.7%	51
Memory Support Unit	17.69	13.04		50.2%	19.00		73.1%	26
	56.05	48.12		62.5%	60.67		78.8%	77
Health Care Center (Note C)								
Medicare	26.53	20.75	53.4%		25.00	62.5%		
Medicaid	-	-	0.0%		-	0.0%		
Contract	7.62	9.88	25.4%		10.00	25.0%		
Private Pay	3.03	8.23	21.2%		5.00	12.5%		
Total	37.19	38.86	100.0%	90.4%	40.00	100.0%	93.0%	43

Note A: Independent Living opened January 31, 2012
 Note B: Assisted Living opened August 29, 2012
 Note C: Health Care Center opened January 28, 2013

ECONOMIC DISCLOSURE STATEMENT

Applicant: Friendship Village of Mill Creek, NFP – GreenFields of Geneva

Site Address: ON801 Friendship Way
 Geneva, IL 60134
 (630) 232-9105

Contact: Stephen A Yenchek, President and CEO
 Mike Flynn, Vice President and CFO

Website: www.greenfieldsofgeneva.org

Project name: Friendship Village of Mill Creek, NFP – GreenFields of Geneva

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois

Board of Directors:

GreenFields Board

Name	Profession
Ronald Ahlman	Retired, Director of Labor and Education Services for the Builder’s Association
Charles W. Cassell	Retired, Founding Partner, Burnidge Cassell Associates, Architects
Tom Castronovo Treasurer	Managing Partner at Criterion Financial Advisors
Geoffrey B. Roehll Secretary	Leader of Senior Living Studio Group at Hitchcock Design Group
Paul J. Schaffhausen	Retired, Senior Federal tax Counsel for McDonald’s Corporation
Stephen B. Smith	Retired Senior Vice President for Revenue Cycle Solutions, Accretive Health
Catherine Tardy Chair	Vice President, Branch Sales Manager, Baird & Warner

Friendship Senior Options Board

Name	Profession
Brad Barrie	Financial Advisor Ameriprise Financial
Tom Castronovo	Managing Partner at Criterion Financial Advisors
Clark Delanois, Secretary	Senior VP at Northern Trust
Kathleen Gilmer	Retired from Illinois Northern University as Director of Outreach Centers
Bill Powell	Resident
Geoff Roehll, Vice Chair	Leader of Senior Living Studio at Hitchcock Design Group
Jean Schlinkmann	Retired Executive Director of the Schaumburg Park District

Name	Profession
Larry Shoemake, Chair	Retired VP, IMC Global Corp
Catherine Tardy	Vice President, Branch Sales Manager Baird & Warner
Duane Tyler, Treasurer	Director, RSM McGladrey
Jan Tucker	Former Trustee of the Arlington Heights Memorial Library
Stephen Yenchek	President and Chief Executive Officer

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Polsinelli PC	Chicago, IL	Janet Zeigler
	Smith, Hemmesch, Burke & Kaczynski	Chicago, IL	Don Hemmesch
Borrower Financial Advisor	Hamlin Capital Advisors	Tampa, FL	Mike Armstrong
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	John Bibby
Underwriter:	Cross Point Capital	Charlotte, NC	Kenneth Rogers
Underwriter Counsel	McKennon, Shelton & Henn	Baltimore, MD	Elizabeth McKennon
Bondholder Representative:	Hamlin Capital Management	New York, NY	Joe Bridy
BHR Counsel:	McCarter & English LLP	Newark, NJ	Jacki Shanes
Bond Trustee:	UMB Bank	St. Louis, MO	Brian Krippner
Bond Trustee Counsel:	TBD	TBD	TBD
IFA Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	14
State Senate:	25
State House:	50

PRIMARY MARKET AREA

The following summary provides an overview of the market study information that will be included, in greater detail, in the Limited Offering Memorandum.

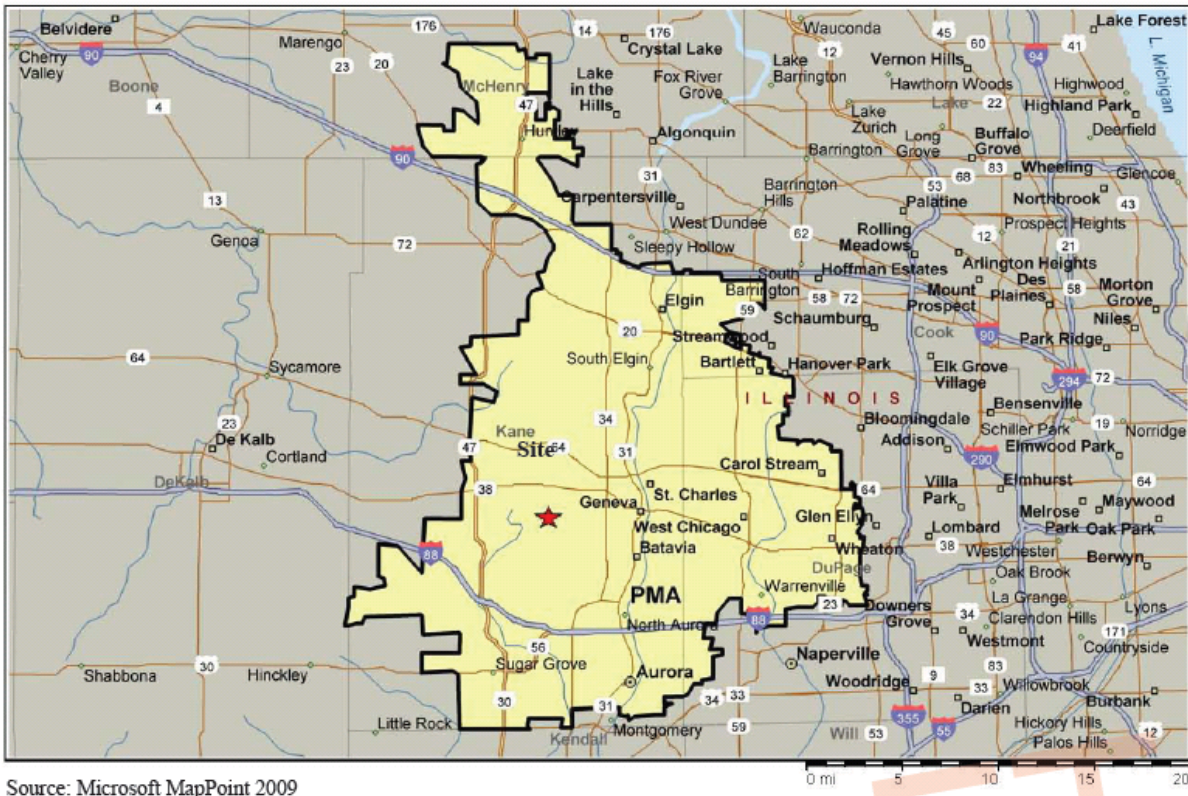
The GreenFields primary market area consists of 16 zip codes that primarily go to the north, south and east of the community. Approximately 67% of current Independent Living Residents are from the primary market area. The average age of entry (75 and over) of Residents is projected to grow by 3.4% over the next five years. Future Residents with household incomes of \$75,000 or greater is projected to grow by 32.63% or 1,578 households over the next five years. Median home values in the primary market have grown by 54.3% since 2000 to \$267,221.

There are 13 market-rate Independent Living Communities located in the primary market area adding to a total of 1,660 units including GreenFields. Three of these communities are Lifeplan Communities offering a full continuum of care including The Holmstad (5 miles away), Windsor Park (15 miles away) and Wyndemere (14 miles away).

The healthcare primary market area which includes assisted living, memory care and skilled nursing is similar to the independent living market area and includes 12 zip codes. The population growth of those 75 and over is projected to grow 3.6% over the next five years. Prospective Residents that are considered income qualified is expected to grow by 1,138 households or 13.65% over the next five years.

There are 13 Assisted Living Communities located in the primary market area adding to a total of 919 units including GreenFields. Four of these communities are considered primary competitors and the total number of units of these four competitors is 297. GreenFields is the only community that offers a full continuum of care and a lifecare agreement for Assisted Living.

A map detailing the location of Friendship Village of Mill Creek, NFP (GreenFields of Geneva) and its primary market area is presented below.



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