

## INVESTOR CONFERENCE CALL



**\$123,305,000\***

Illinois Finance Authority  
Revenue Bonds  
(Friendship Village of Schaumburg)  
Series 2017

Monday, December 11th at 2:00pm (Eastern)

Call-In Number: (877) 860-4996

Conference ID: **588-8648#**

An MP3 / call recording will be available shortly after the call and forwarded to interested accounts. If you have any issues with the recording, please contact Seth Wagner ([swagner@bbandtcm.com](mailto:swagner@bbandtcm.com))

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# Participants

## Friendship Village of Schaumburg

Stephen Yenchek <i>President &amp; Chief Executive Officer</i>	847.884.5008	stephen.yenchek@myFSO.org
Mike Flynn <i>Chief Financial Officer</i>	847.884.5371	mike.flynn@myFSO.org
Patricia Mash <i>VP of Planning and Marketing</i>	n/a	patricia.mash@myFSO.org
Dean Delleria <i>Director of Sales</i>	n/a	dean.delleira@myFSO.org
Ben Gilchrist <i>VP of Operations</i>	n/a	ben.gilchrist@myFSO.org

## Hamlin Capital Advisors, LLC

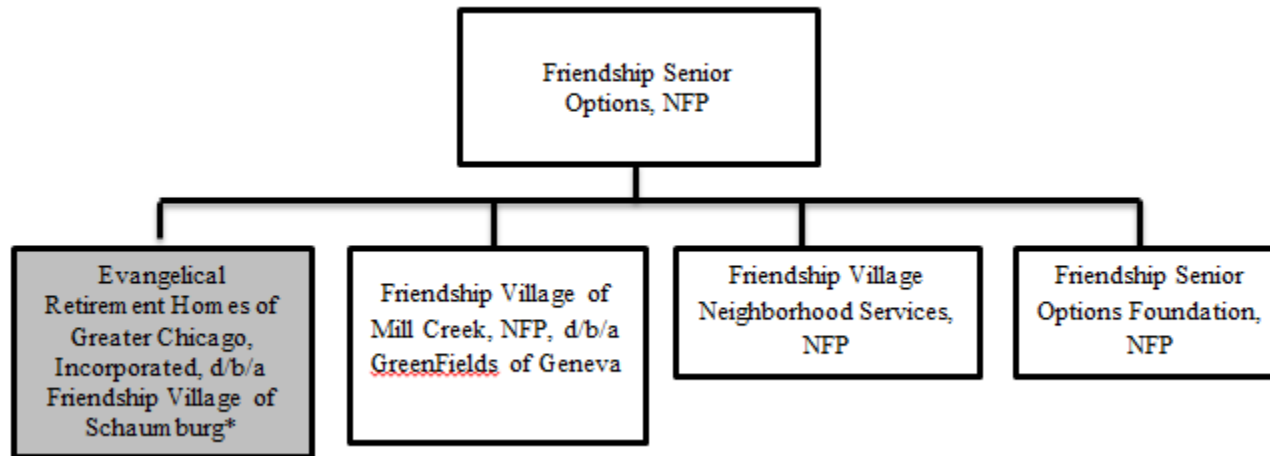
Michael Armstrong <i>Principal</i>	813.280.1002	marmstrong@hamlinadvisors.com
Sharon Ioannidis <i>Managing Director</i>	813.280.1006	sioannidis@hamlinadvisors.com

## BB&T Capital Markets

John Franklin <i>Managing Director</i>	804.649.3943	jfranklin@bbandtcm.com
Brendan Malone <i>Senior Vice President</i>	312.279.9923	bmalone@bbandtcm.com
Seth Wagner <i>Associate</i>	804.782.8895	swagner@bbandtcm.com
David Caldwell <i>Analyst</i>	804.649.3909	dcaldwell@bbandtcm.com

# Call Agenda

- Friendship Village of Schaumburg Overview
- Current Financial Profile and Credit Metrics
- Proposed Plan of Finance



- Friendship Senior Options (“FSO”) was founded in 2003 as an Illinois not for profit
  - FSO provides strategic direction and management services to its affiliate corporations pursuant to management service agreements
- FSO is the sole corporate member of Friendship Village of Schaumburg (“the Borrower”) and GreenFields of Geneva (“GreenFields”)
  - FSO is also the sole corporate member for the foundation and a service program
- The Borrower is the sole guarantor for the Series 2017 Bonds

# Friendship Village Board Information

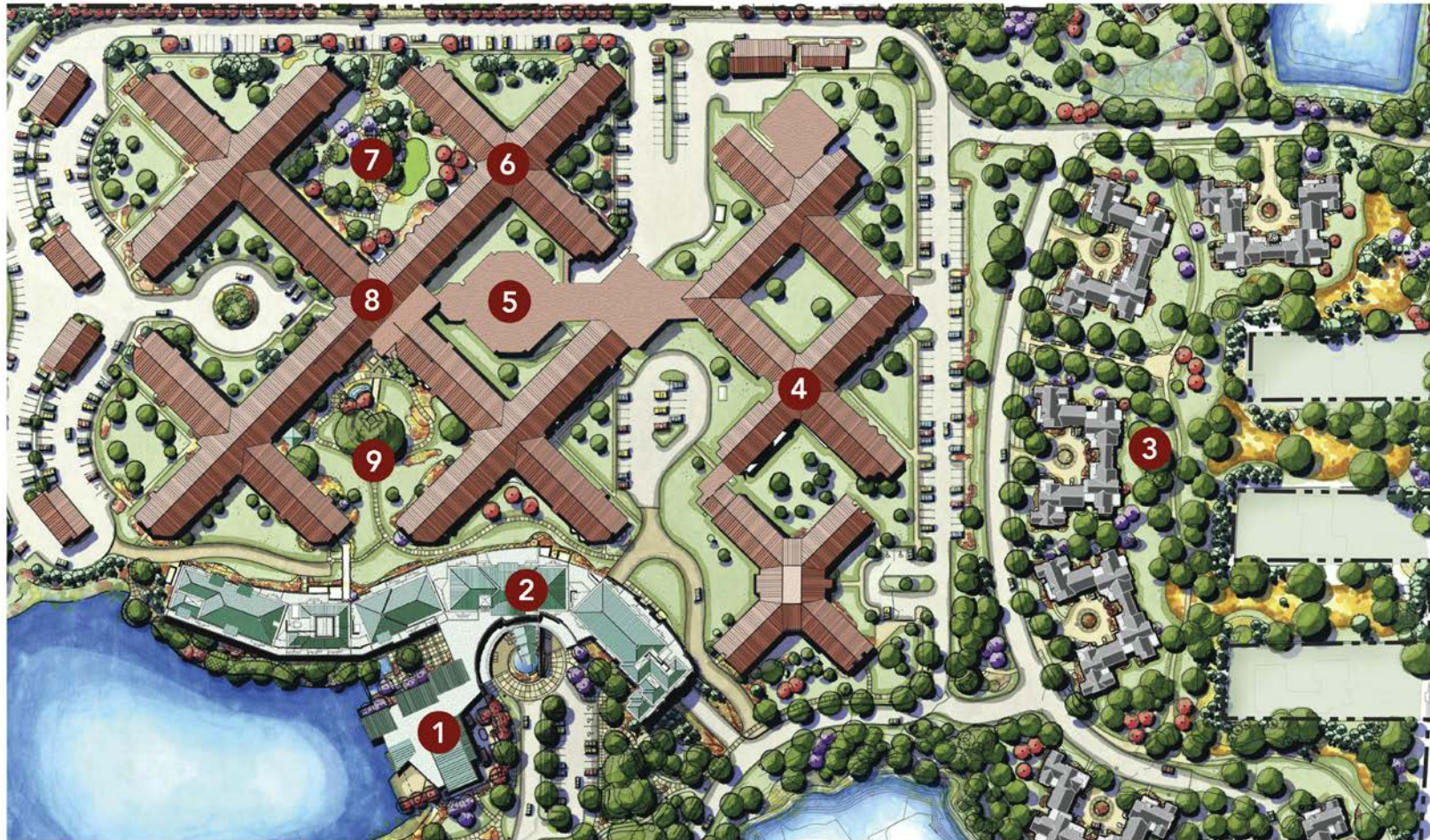
➤ The members of the Board are as follows:

Name	Profession	Years of Tenure
Brad Barrie	Financial Advisor, Ameriprise Financial	5
Bill Powell	Resident	5
Kathy Rivera, Chair	President, First Star Digital Media	13
Larry Shoemake	Retired VP, IMC Global Corp	8
Loren Trimble	CEO and Managing Director, AArete LLC	1
Duane Tyler, Treasurer	Director, RSM McGladrey	12
Jean Schlinkmann	Retired Executive Director, Schaumburg Park District	8

- Friendship Village of Schaumburg (“FVS”) is a 60 acre campus located 32 miles from downtown Chicago and was originally constructed in 1977
- Largest single site CCRC in Chicago area and 17th largest single site CCRC in the nation
- First accredited CCRC in Illinois and has been reaccredited five times
- Unit mix:
  - 28 independent living garden homes
  - 574 independent living apartments
  - 87 assisted living units
  - 25 memory support assisted living units
  - 248 skilled nursing beds
- FVS facilities are broken out between three components of service:
  - Independent Living
    - Crosswell Trace
    - Bridgewater Place
    - Bridgegate
  - Assisted Living/Memory Support
    - Willows/Reflections (MC)
  - Memory Support/Skilled Nursing
    - Reflections (MC)
    - Briarwood (SNF)



# Friendship Village of Schaumburg Community Map



Friendship Village  
Community Map

- |                     |                   |               |                                    |                  |
|---------------------|-------------------|---------------|------------------------------------|------------------|
| 1 Friendship Center | 3 Crosswell Trace | 5 The Commons | 7 W.H. Roger Smith Memorial Garden | 9 Village Square |
| 2 Bridgewater Place | 4 Briarwood       | 6 The Willows | 8 Bridgegate                       |                  |



# Aerial Footage









<u>Independent Living Units</u> <u>Bridgegate and Bridgewater Place</u>				
	FY2015	FY2016	FY2017	Five Months Ended 8/31/2017
Net Sales	129	136	118	41
Move-Ins	122	120	114	37
Transitions	114	100	116	52

# Historical Occupancy

	FY2015	FY2016	FY2017	Five Months Ended 8/31/2017
<b>Garden Homes</b>				
Number of Units Available	28	28	28	28
Average Number Occupied	26	27	28	27
<b>Average Occupancy Rate</b>	<b>94%</b>	<b>97%</b>	<b>99%</b>	<b>97%</b>
<b>Independent Units</b>				
Number of Units Available	606	591	574	568
Average Number Occupied	430	460	464	450
<b>Average Occupancy Rate</b>	<b>71%</b>	<b>79%</b>	<b>81%</b>	<b>79%</b>
<b>Assisted Living Units</b>				
Number of Units Available	106	106	106	112
Average Number Occupied	97	96	92	92
<b>Average Occupancy Rate</b>	<b>91%</b>	<b>90%</b>	<b>87%</b>	<b>82%</b>
<b>Health Care Units</b>				
Number of Units Available	248	248	248	248
Average Number Occupied	211	207	205	193
<b>Average Occupancy Rate</b>	<b>85%</b>	<b>83%</b>	<b>83%</b>	<b>78%</b>

	<u>Size of apartment</u>	<u># of apartments</u>
		<i>(As of 8/31/2017)</i>
➤ Studio apartments	275 sq. ft.	31 apartments
➤ Alcove apartments	415 sq. ft.	110 apartments
➤ 1-Bedroom apartments	555 – 900 sq. ft.	195 apartments
➤ 2-Bedroom apartments	790 – 1,005 sq. ft.	59 apartments



# Strategic Approach

Bridgegate: 2-Bedroom Apartment



Bridgewater Place: 2-Bedroom Apartment



	FY2015	FY2016	FY2017	Five Months Ended 8/31/2017
<b>Private Pay</b>	14%	14%	17%	19%
<b>Life Care</b>	34%	34%	34%	41%
<b>Medicaid</b>	30%	29%	28%	20%
<b>Medicare</b>	22%	23%	22%	20%
<b>TOTAL</b>	100%	100%	100%	100%

# Summary Statement of Operations

	Year Ended March 31,			Five Months Ended	
	2015	2016	2017	8/31/2016	8/31/2017
<b>Revenue, gains and other support:</b>					
Net independent service revenue	\$14,812,245	\$16,641,397	\$17,267,632	\$7,179,392	\$7,322,525
Net assisted living service revenue	6,363,010	6,291,583	6,400,613	2,753,058	2,751,397
Net health care service revenue	22,849,064	23,361,962	24,844,443	9,998,931	9,646,987
Home Health	369,364	604,425	496,330	202,799	198,038
Amortization of entrance fees	4,842,176	4,550,960	4,335,891	1,817,995	1,792,436
Contributions	61,103	--	--	--	---
Investment income	1,722,723	486,955	706,176	987,387	1,272,355
Other revenue	584,045	625,970	648,466	491,424	422,394
Total Revenue	51,603,730	52,563,252	54,699,551	23,430,986	23,406,133
Total Revenue, less investment income	49,881,007	52,076,297	53,993,375	22,443,599	22,133,778
<b>Operating expenses</b>					
Salaries and benefits	21,837,488	22,664,502	22,964,168	9,362,781	10,021,710
Supplies and other	6,922,070	7,370,998	7,667,712	3,086,141	3,335,534
Dietary	2,864,458	3,286,639	3,190,919	1,224,026	1,118,416
Professional fees	4,013,202	4,328,894	5,187,168	2,321,979	2,659,062
Repairs and maintenance	1,339,664	1,568,240	1,448,987	629,533	698,819
Utilities and telephone	2,035,528	2,039,899	2,050,594	959,586	861,976
Insurance	675,849	703,508	849,650	360,445	370,772
Real estate taxes	572,569	673,684	613,994	249,300	257,940
Interest	6,483,067	6,396,543	6,414,290	2,635,758	2,597,513
Depreciation and amortization	7,870,644	8,142,301	8,212,714	3,469,699	3,469,720
Provision for bad debts	509,984	361,053	199,551	125,000	135,415
Total operating expenses	55,124,523	57,536,261	58,799,747	24,424,249	25,526,876
Total operating expenses	40,770,812	42,997,417	44,172,743	18,318,792	19,459,643
less Interest & depreciation					
Non-Salary expenses, less interest & depreciation	18,933,324	20,332,915	21,208,575	8,956,010	9,437,933
<b>Operating (loss)</b>	<b>(3,520,793)</b>	<b>(4,973,009)</b>	<b>(4,100,196)</b>	<b>(993,263)</b>	<b>(2,120,743)</b>

# Summary Financial Metrics

	FY2015	FY2016	FY2017	9/30/17*
Days' Cash on Hand (DCOH)	218	183	203	173
Debt Service Coverage Ratio (DSCR)	1.70x	1.82x	1.81x	1.32x
Pro-Forma Debt Service Coverage Ratio <sup>(1)</sup>	1.61x	1.72x	1.71x	1.25x

\*Unaudited figures

- DCOH covenant miss on 9/30/2017 was due to slow sales start in beginning of the fiscal year
  - Sales have since rebounded
  - Early cost management actions will provide a cushion for rebound later in year

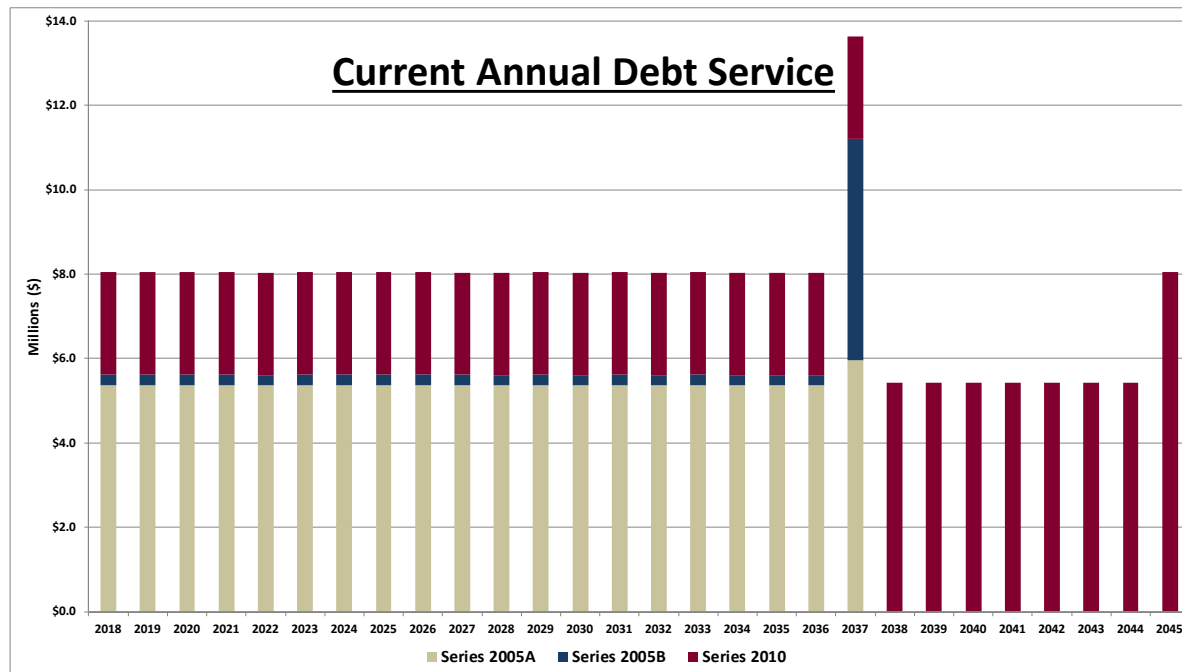
<sup>(1)</sup>Preliminary and subject to change and including debt service on new debt

# Current Debt Structure

Series	Par Amount Outstanding	Interest Rate Mode	Interest Rates	Interest Rate Reset Date	Final Maturity	Call Provisions
Series 2005A Bonds	\$ 63,815,000	Fixed	5.375%-5.625%	N/A	15-Feb-37	Current
Series 2005B Bonds	\$ 5,000,000	Adjustable	5.000%	15-Feb-19	15-Feb-37	Current
Series 2010 Bonds	\$ <u>33,610,000</u>	Fixed	7.000%-7.250%	N/A	15-Feb-45	Feb 15, 2020 @ 100%
<b>Total</b>	<b>\$ 102,425,000</b>					
FSO Series 2017 Taxable Bonds*	\$ 13,750,000	Fixed	7.350%-7.550%	N/A	11/1/2047	Put: Feb 15, 2022
Line of Credit (as of 8/31)**	\$ 3,000,000					

\*FVS is Guarantor on the FSO Series 2017 Bonds

\*\* The Line of Credit is secured by funds held in the Borrower's investment account



# Proposed Plan of Finance\*

Sources of Funds		
Par Amount	\$	123,305,000
Premium		(1,616,712)
Trustee Held Funds		11,752,511
<b>Total Sources of Funds</b>	<b>\$</b>	<b>133,440,800</b>

Uses of Funds		
Current Refunding of 2005A&B Bonds	\$	72,258,042
Advanced Refunding of 2010 Bonds		36,050,176
Capital Expenditures		14,000,000
Debt Service Reserve Fund		8,491,731
Cost of Issuance		2,640,850
<b>Total Uses of Funds</b>	<b>\$</b>	<b>133,440,800</b>

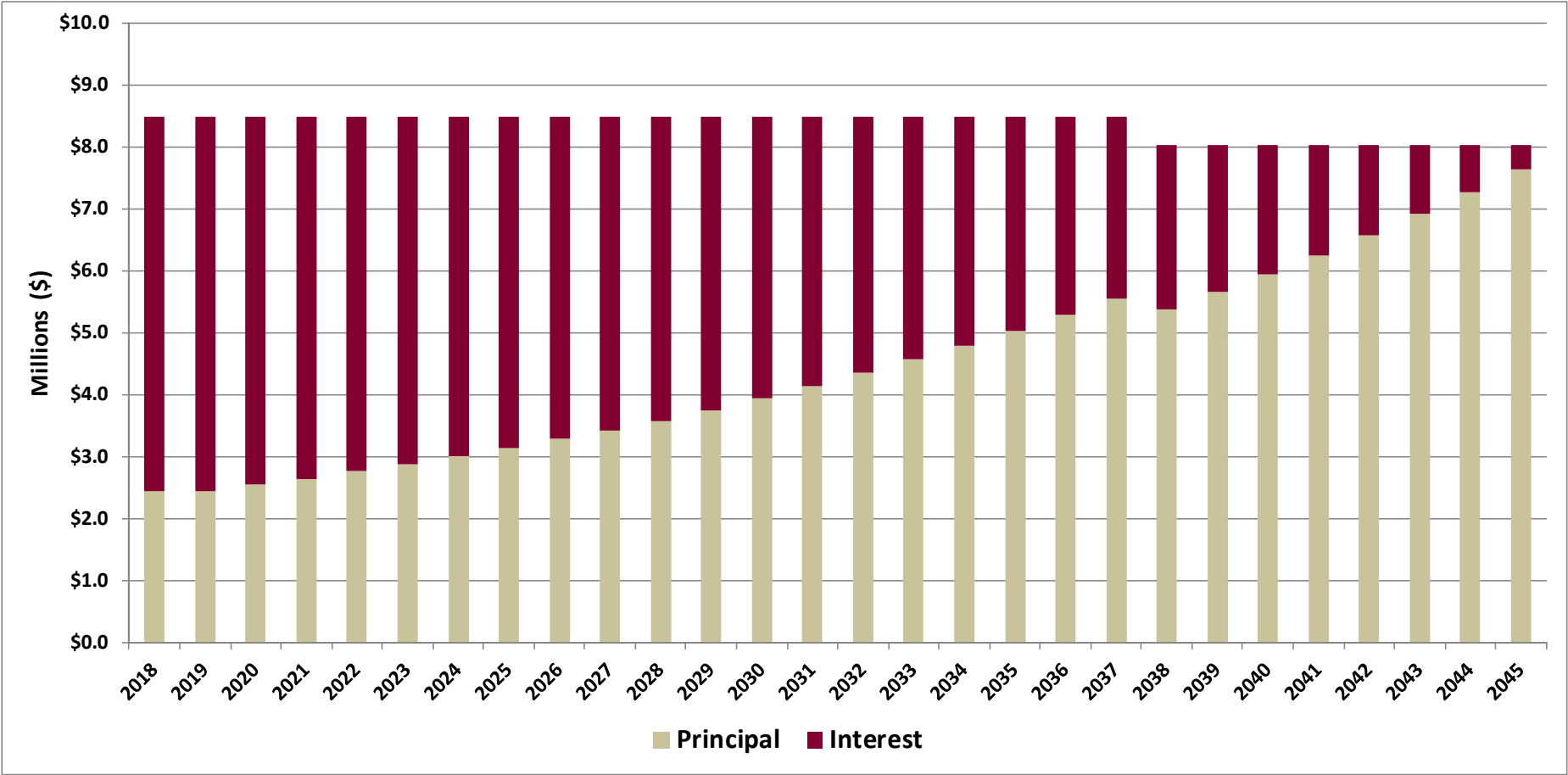
- Financing provides significant savings – especially on 2010 Bonds
  - FVS will monitor market and downsize the transaction if desired savings are not present
- Financing boosts liquidity with \$14mm added to balance sheet

\*Preliminary and subject to change



# Proposed Debt Service as a Result of Refinancing\*

Series 2017 Bonds



\*Preliminary and subject to change

- Security Interest in Pledged Collateral and Revenues
- Debt Service: Minimum DSCR of 1.20x (tested annually)
  - Traditional cure periods
  - Event of Default if  $< 1.00x$  and DCOH is  $< 120$  Days
  - Event of Default if  $< 1.00x$  for two consecutive years
- Liquidity Covenant: Days Cash On Hand of 120 (tested semi-annually)
  - If not met, requires management consultant and no Event of Default

Activity	Date
Mailing of Preliminary Official Statement	Wednesday, December 6th
Investor Conference Call - GreenFields Focus	Friday, December 8th
Investor Conference Call – Credit Focus	Monday, December 11th
Bond Pricing	Tuesday, December 19th
Closing	Thursday, December 28th

