



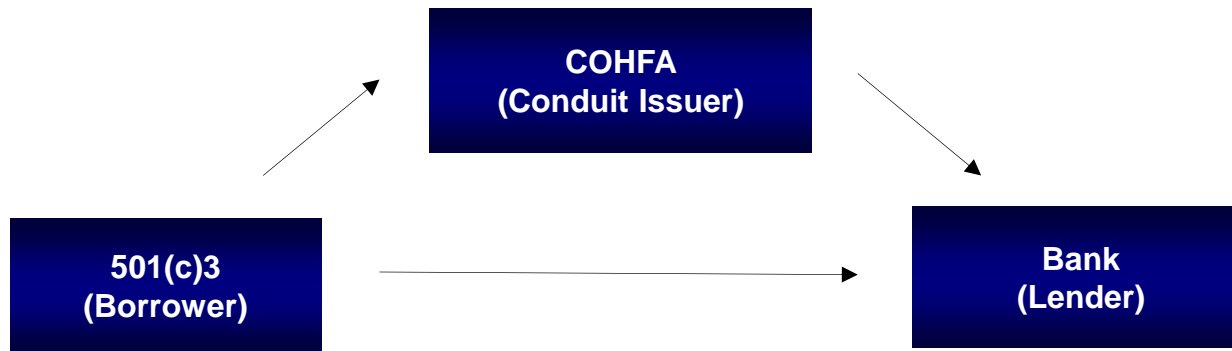
Tax-Exempt Direct Purchase Bonds



June 21, 2016

Direct Placement Tax-Exempt Financing

Banks offer tax-exempt financing products for 501(c)(3) non-profits entities. A 501(c)(3) can use COHFA to act as the conduit issuer.



Purpose:

- Refund Existing Bonds
- New Construction or Renovations
- Reimbursement of Expenditures
- Equipment Financing
- Project Financing



Why Use Direct Placement?

Direct Placement structure provides many advantages

- Low tax-exempt interest rates, fixed or variable
- Does not require a bond rating
- Lower issuance costs (no trustee/underwriter/placement agent)
- No debt reserve fund requirement
- Draw down structure
- Close in 45 – 60 days

Risks to consider with a Direct Placement?

- Based upon bank's willingness to lend and the credit profile of the hospital
- Limited to 7 or 10 year term / 20 year amortization
- Renewal risk
- Larger project may require bank syndicate



Overview of Credit Process

Borrower

- Historical Financial Trends
- Strategy in a Changing Environment
- Strength of Management Team
- Market Share and Competition

Reporting

- Annual and quarterly financials
- Annual budget
- Utilization statistics and payor mix
- Loan Covenants



Summary of Direct Purchase Transactions Variable Rate - 2015

SUMMARY OF DIRECT PURCHASE TRANSACTIONS Year: 2015 VARIABLE RATE

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Borrower's Rating	National or Regional Firm	Month Closed	Par	Term (yrs.)	Pricing Terms	Interest Rate*
VARIABLE RATE						
Baa1	National	February	\$21,000,000	7 Mos.	LIBOR + 75 bps (Taxable)	2.45%
Baa2	National	March	\$24,000,000	9	(LIBOR + 0.97%) x 69.75%	1.86%
A2/NR/A	National	April	\$40,000,000	3	LIBOR + 45 bps (Taxable)	2.15%
A2/AA-/AA-	National	May	\$50,000,000	10	(LIBOR + 1.04%) x 69.75%	1.91%
A2/AA-/AA-	National	May	\$50,000,000	13	(LIBOR + 1.11%) x 69.75%	1.96%
NR	Regional	June	\$15,610,000	13	(70% x LIBOR) + 87 bps	2.06%
BBB+/BBB+	Regional	June	\$32,000,000	15	(67% x LIBOR) + 103 bps	2.17%
Aa2/AA/AA	National	July	\$100,000,000	10	(67% x LIBOR) + 55 bps	1.69%
A2/A/A+	National	August	\$113,700,000	6	(68% x LIBOR) + 60 bps	1.76%
A2/A/A+	National	August	\$21,400,000	9	(68% x LIBOR) + 80 bps	1.96%
A2/A/A+	National	August	\$50,000,000	9	(68% x LIBOR) + 82 bps	1.98%
A2/A/A+	National	August	\$51,400,000	9	(70% x LIBOR) + 85 bps	2.04%
A2/A+	National	October	\$37,165,000	7	(67% x LIBOR) + 60 bps	1.74%
A1/A+	Regional	November	\$25,000,000	10	(67% x LIBOR) + 73 bps	1.87%
A1/A+	Regional	November	\$25,000,000	10	(67% x LIBOR) + 73 bps	1.87%
A1/A+	National	November	\$25,000,000	5	(67% x LIBOR) + 55 bps	1.69%
TOTAL VARIABLE RATE - 2015 YTD			\$681,275,000			

Note: Excludes Total Return Swaps



Summary of Direct Purchase Transactions Fixed Rate - 2015

SUMMARY OF DIRECT PURCHASE TRANSACTIONS*
Year: 2015
FIXED RATE



Borrower's Rating	National or Regional Firm	Month Closed	Par	Term (yrs.)	Pricing Terms	Interest Rate
FIXED RATE						
A3/A-	Regional	January	\$23,840,000	9	Fixed	2.27%
Baa2/BBB- /BBB-	National	January	\$14,730,000	15	Fixed	3.00%
A+/A1	National	May	\$33,685,000	7	Fixed	1.71%
NR	National	June	\$14,175,000	10	Fixed	2.78%
NR	Regional	June	\$22,445,000	15	Fixed	2.79%
BBB+/BBB+	Regional	June	\$58,000,000	15	Fixed	2.51%
NR/A+/A+	National	June	\$25,000,000	5	Fixed	2.13% ¹
Aa2/AA/AA	National	July	\$93,875,000	3	Fixed	1.834% ²
A2/A	National	July	\$50,850,000	9	Fixed	2.79%
NR	National	August	\$16,000,000	7	Fixed	1.94%
NR	National	September	\$30,000,000	10 ³	Fixed	2.85%
A2/A	National	September	\$30,000,000	9	Fixed	1.97%
A2/A	National	September	\$20,000,000	9	Fixed	1.97%
NR	Local	October	\$8,400,000	10 ⁴	Fixed	3.85%
TOTAL FIXED RATE - 2015 YTD			\$441,000,000			

1. 14 month forward

2. Variable rate (70% 1ML + 30 bps) swapped to fixed

3. Based on 7-year pricing, last 3 years reset at same credit spread with a 3 year Index level

4. Based on 7-year pricing, rate resets after year 7 for remaining 3-year term

Note: Excludes Total Return Swaps



Direct Placement Summary

Basics:

Non-profit entities of all sizes that meet tax code 501(c)(3)

Projects:

- Equipment
- Renovations
- Revenue Bonds
- Project Financing
- Refunding Existing Debt
- New Construction

Typical Deals:

Minimum Amount: \$2MM minimum

Maximum Amount: Limited only by credit

Financing Term: up to 10 years

Maximum Amortization: 25 years (subject to credit)

Payment Frequency: Monthly, Quarterly, Semi-Annual Annual, Custom

Interest Rate: Fixed or Variable

Advantages:

- 100% Advance Rate (Revenue Bonds)
- Custom Amortizations
- Tax-Exempt Rates Lower
- Direct Placement into KeyBank's Portfolio
- Low Financing Costs
- Quick and Efficient Process: 45 - 60 days from commitment/approval

Products:

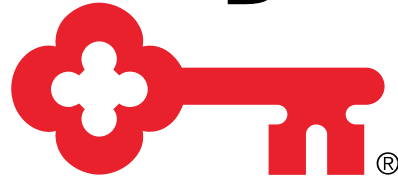
Direct Placement Tax-Exempt Financing

Funding Options:

- Project Fund / Escrow Account
- Reimbursement of Expenditures (requires board resolution)
- Draw down bonds.



KeyBank



Melissa Whitmer
Senior Vice President
Healthcare
720-904-4250 direct
Melissa_whitmer@keybank.com

John Miller
Vice President
Key Government Finance
720-904-4251 direct
John.c.miller@keybank.com