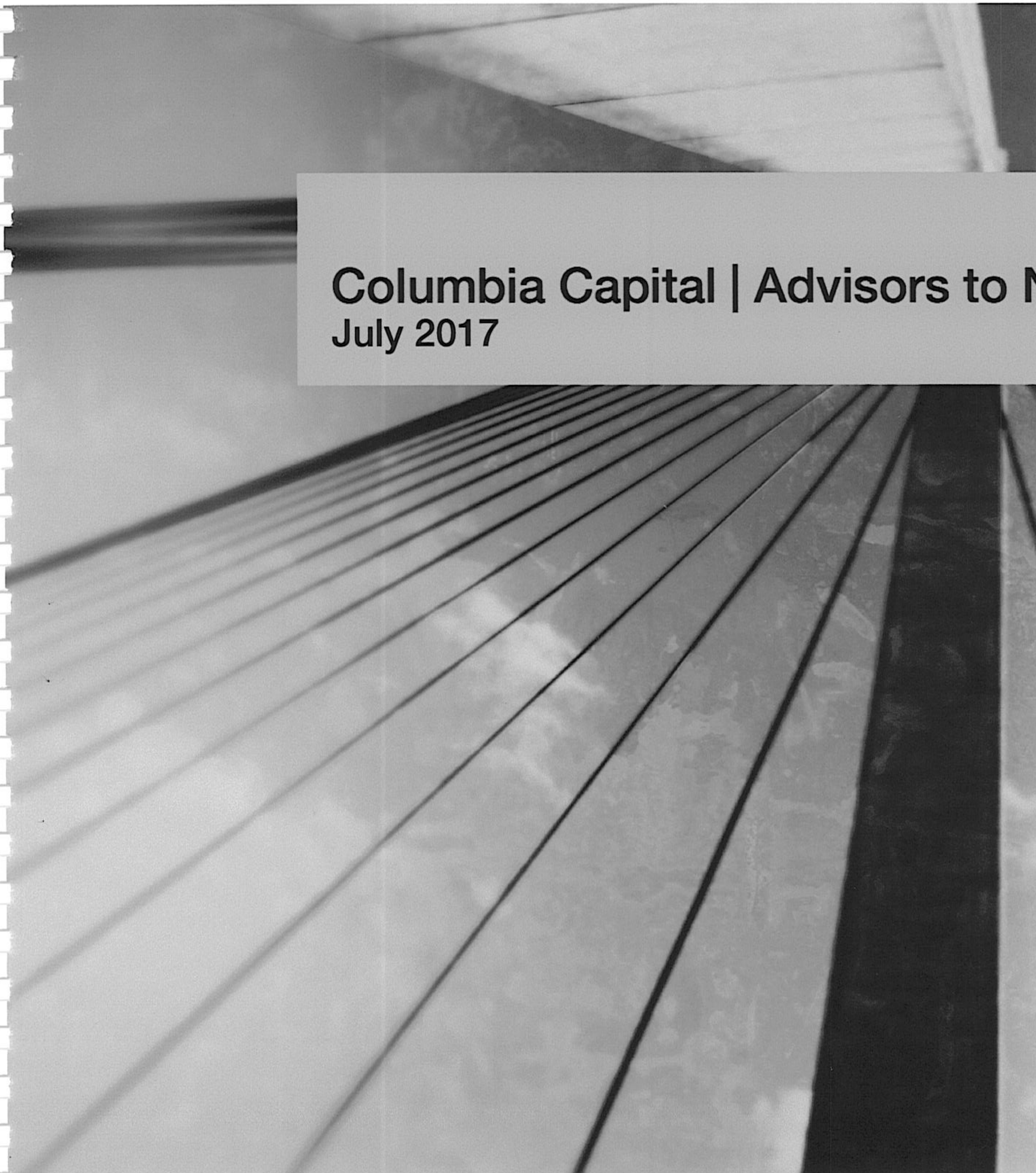
Columbia Capital | Advisors to Non-Profits

July 2017



COLUMBIA CAPITAL
MUNICIPAL ADVISORS

Innovative Solutions. Proven Results.

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www.columbiacapital.com
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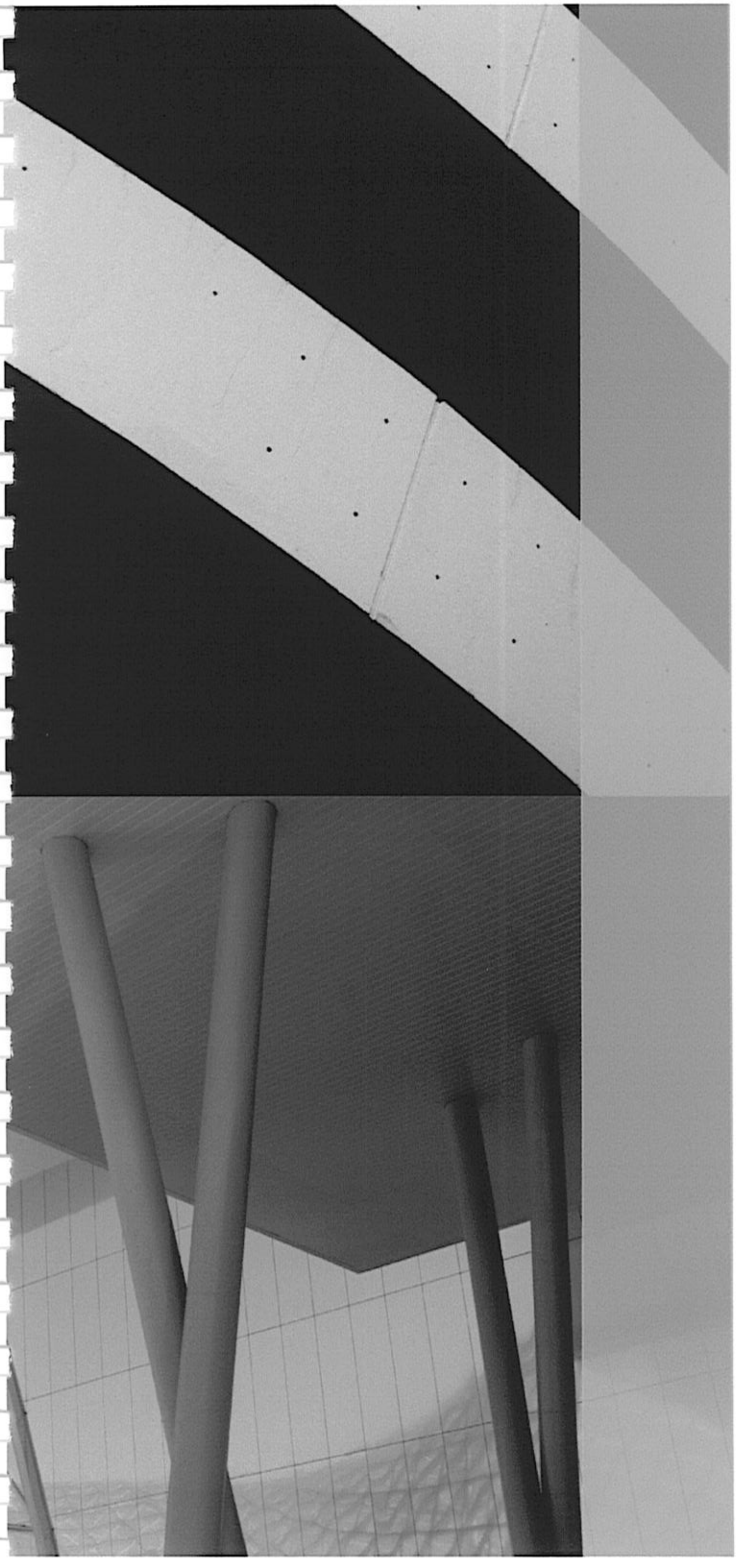
Columbia Capital Management, LLC is a municipal advisor, registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As a municipal advisor, Columbia Capital provides advice to its clients as a fiduciary, the highest standard of care under the law.

Columbia Capital is independently owned with no outside investors and no debt. We are not affiliated with commercial or investment banks, institutional investors, hedge funds or real estate companies. **Independence matters.**



725

successful transactions

38

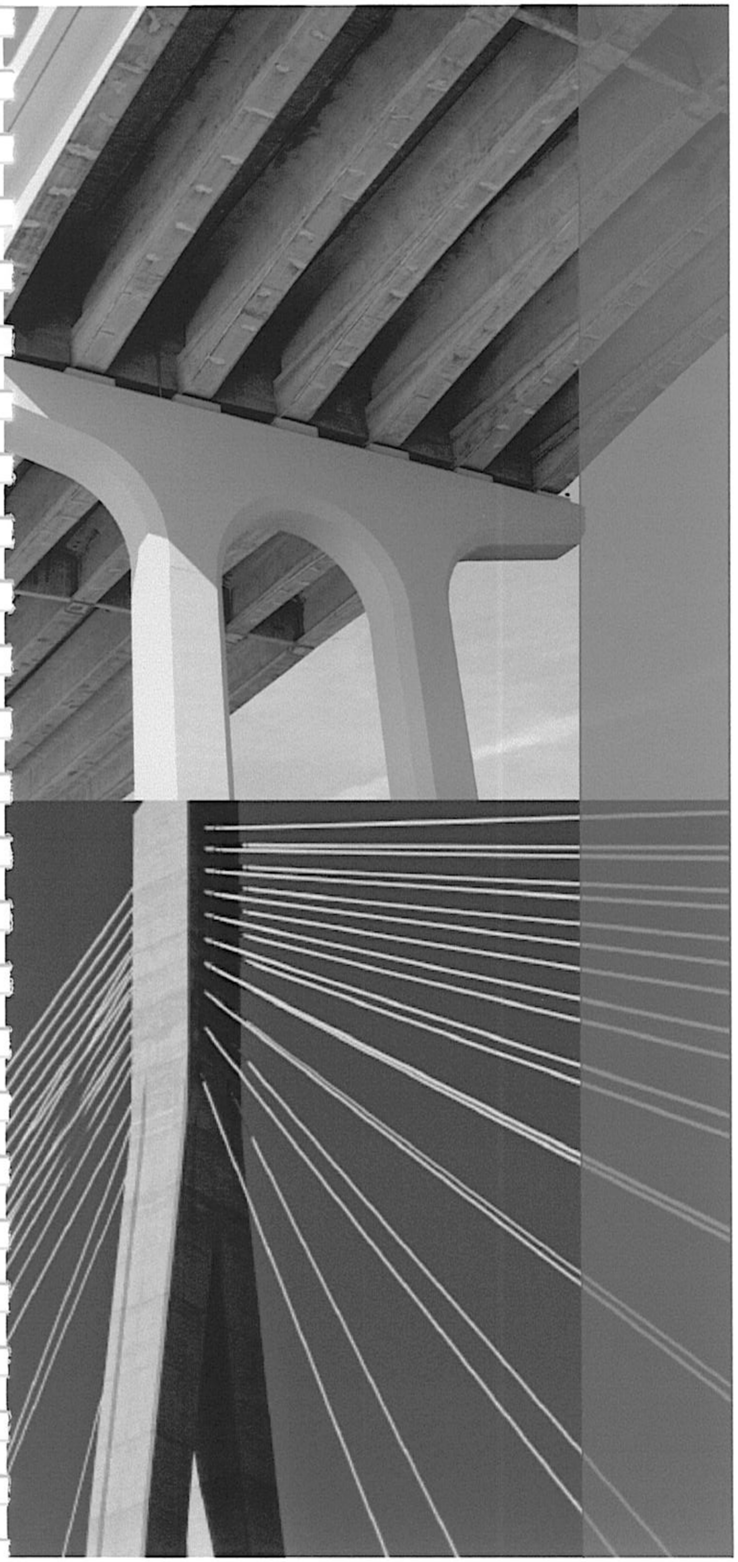
billions of dollars of par offered

13

states served

950

millions of dollars of 501(c)(3) par offered



11

employees

9

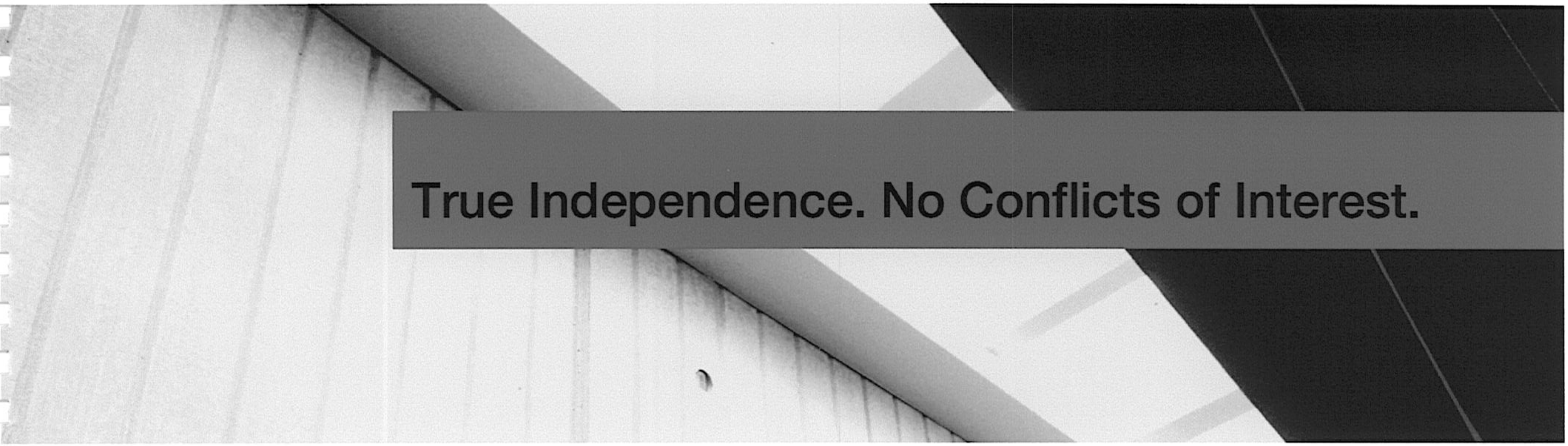
municipal advisors

0

adverse actions and litigation

20

years of continuous advisory services



True Independence. No Conflicts of Interest.

0

outside investors

0

dollars of company debt

100

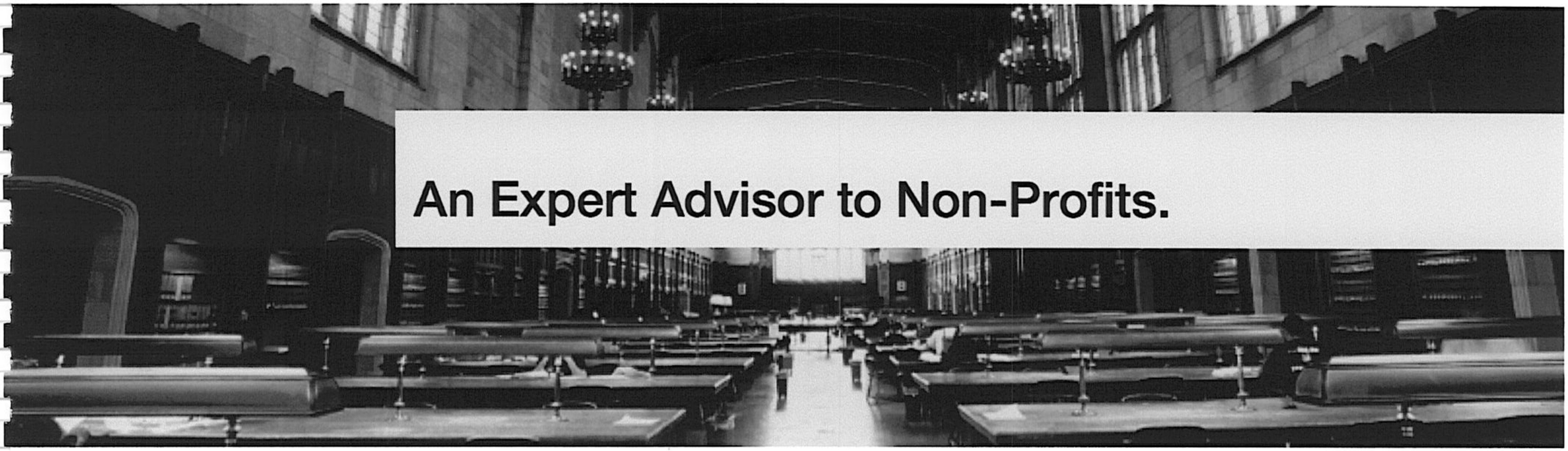
percent employee ownership

0

affiliations with banks

0%

chance we will ever be underwriting bonds for a comparable issuer at the same time as advising on yours



An Expert Advisor to Non-Profits.

Boone Hospital Center BJC HealthCare

KANSAS STATE UNIVERSITY FOUNDATION

1863 150 2013 KANSAS STATE UNIVERSITY

KU MEDICAL CENTER The University of Kansas

EAST-WEST UNIVERSITY Excellence and Service 1980

CONFLUENCE CHARTER SCHOOLS

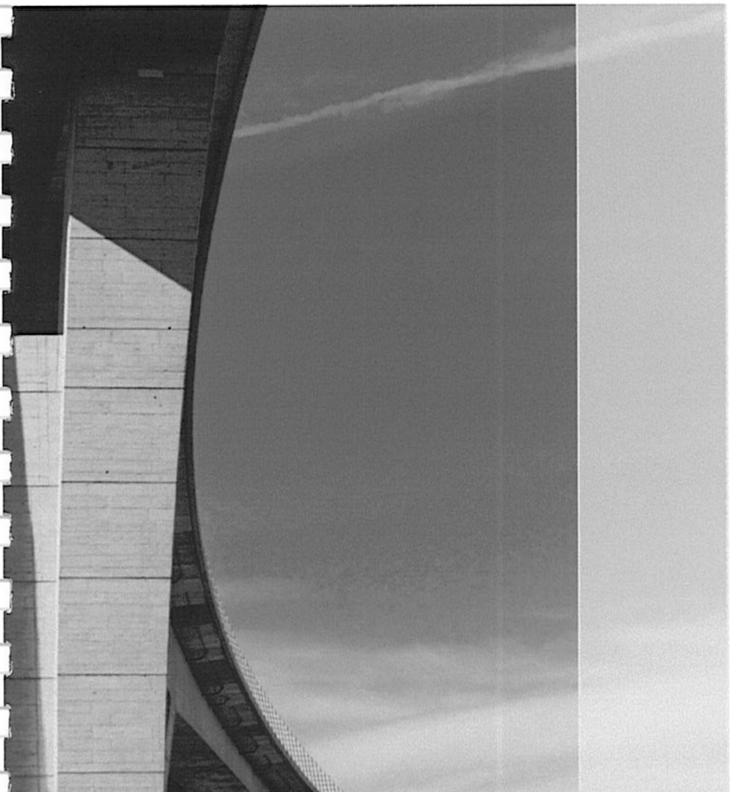
The BARSTOW School

ROOSEVELT UNIVERSITY

JEFFERSON NATIONAL PARKS ASSOCIATION

WSU WICHITA STATE UNIVERSITY

the Y YMCA



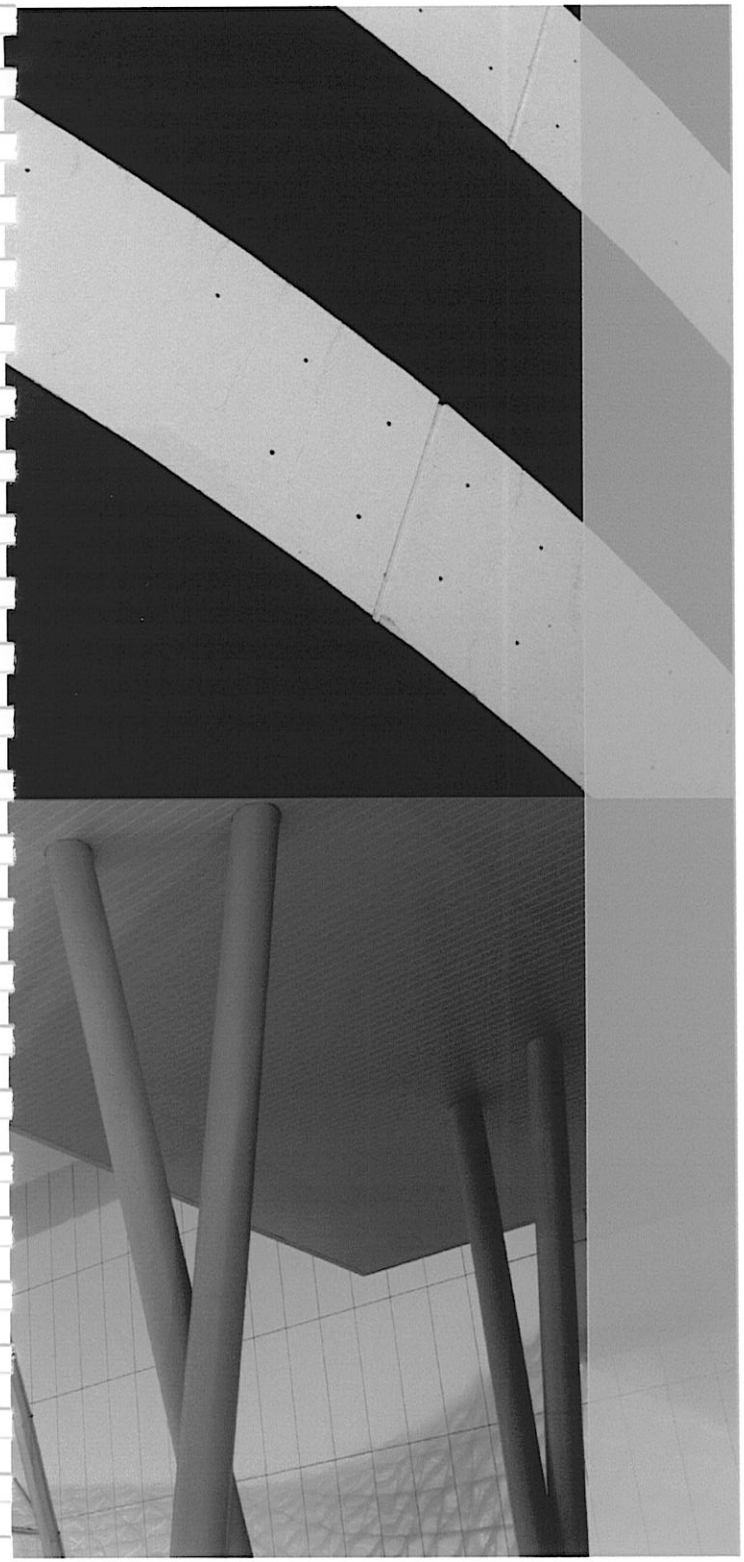
Boone Hospital Center, a County-owned hospital in Columbia, Missouri, is managed under the County Hospital Law by an elected board of trustees. In a unique arrangement, the Trustees lease the hospital to a 501(c)(3) subsidiary of BJC Hospitals. Although the financial performance of the hospital has historically been strong, a series of unfortunate events—physician departures, nursing shortages, increases in costly surgeries—created a challenging result in 2014. During the same period, BJC made a change in its accounting practices, resulting in a demand on the hospital for a multi-million dollar catch-up payment of accounts payable due to BJC. Together, the negative financial impact was sufficient to cause the Hospital to breach a key debt service covenant. The Hospital had also announced its intention to undertake a comprehensive review of the BJC lease ahead of a 2018 renewal date, bringing significant uncertainty to the Hospital's future.

The timing could not have been worse: the Hospital had engaged Columbia Capital to advise on a refunding expected to produce at least $8 million in present value debt service savings. That savings level, however, was predicated on the Hospital's ability to maintain its current bond ratings and to convince investors that the lease renewal issue would work out favorably.

Columbia negotiated with Fitch a deferral of its scheduled surveillance call that would have occurred prior to the development of the preliminary official statement for the refunding, and before Columbia had an opportunity to work with the Hospital to craft a market response to the covenant violation noticed filed by the bond trustee on EMMA. Columbia worked closely with the lead managing underwriter (chosen through a competitive RFP process managed by Columbia) to develop a comprehensive rating presentation to show what we expected to be true—that the coincidence of the bad news surrounding the Hospital was a transitory problem, and that a return to solid performance was expected in the short-term.

Columbia also drafted an in-depth voluntary market disclosure to calm the nerves of investors, and to tell the story of the covenant violation in the context of broader operating performance. Market feedback after the posting was positive and confirmed our goal of easing investor concern.

Ultimately, Fitch affirmed the Hospital's rating. Moody's downgraded the credit one notch, but primarily based upon the uncertainty related to the renewal of the lease, not as a result of the covenant default or recent financial performance. The County sold its Hospital bonds in July 2016 with yield spreads consistent with two comparable hospital financings during the prior week, and with significant investor interest. Columbia further took this refunding opportunity to make key principal structuring adjustments to smooth aggregate debt service to significantly reduce maximum annual debt service, which is the debt metric used in calculating its debt service covenant. Present value savings exceeded $15 million, well above original expectations.



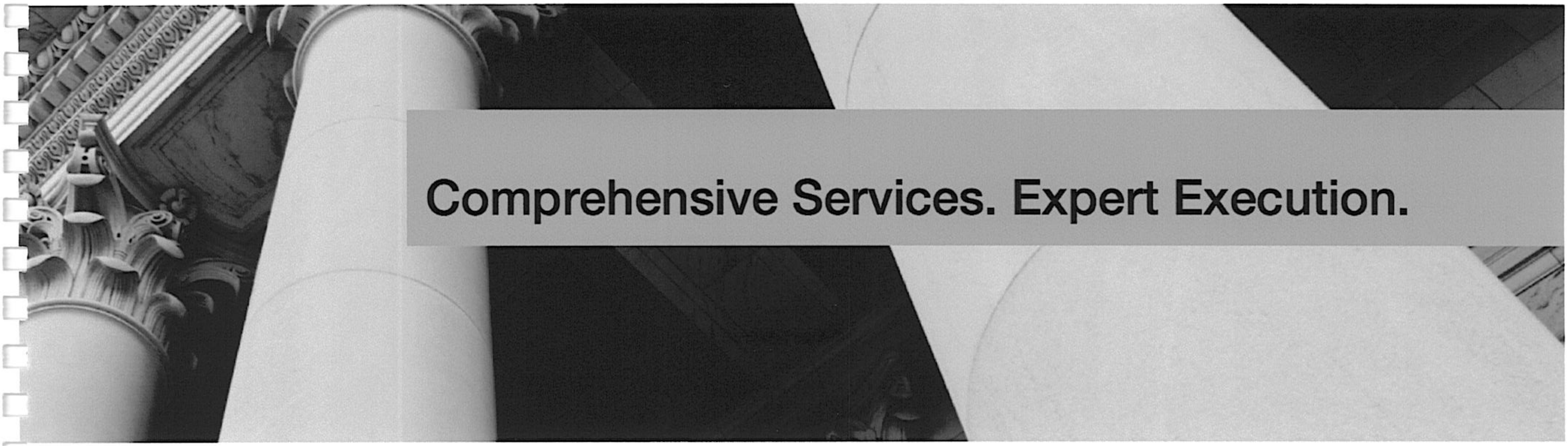
The YMCA of Greater Kansas City has a storied history spanning more than 100 years. Its family YMCA centers have continued to serve as community anchors, particularly in economically challenged areas where other key institutions, such as public schools, have closed. After the global financial crisis, the YMCA found itself in financial distress and was placed into work-out by its primary lender.

The Y engaged Columbia Capital to advise it on a global refinancing to bring the organization out of work-out and to help stabilize it for the next generation. Columbia Capital served as financial advisor on a series of tax-exempt bonds, a series of taxable-converter bonds that will convert to tax-exempt when certain conditions are met and a series of taxable bonds, all under a new master trust indenture structure. In addition, Columbia Capital assisted with a related financing secured by the Y's foundation as well as two interest rate swap executions. The transaction covers 10 different properties across two states in multiple cities throughout the metropolitan region. The bonds were offered through the Kansas Development Finance Authority, were purchased by SunTrust Bank and its affiliates and closed in 2016. At the same time, Columbia Capital, on the Y's behalf, secured $20 million in New Markets Tax Credits (NMTC) allocation to support the reconstruction of family YMCAs in Kansas City, Missouri and Atchison, Kansas. Each NMTC project also required negotiation of bridge loans, on which Columbia Capital advised, to serve as the Y's source of leverage for the project.

Columbia Capital advised Roosevelt University, a private non-profit four-year university in Chicago's South Loop, in the development of its 32-story "vertical campus," a $150 million project, financed primarily with tax-exempt bonds in 2009. This financing involved the refunding of two series of prior bonds, the termination of interest rate swaps and a very significant investor and rating agency outreach effort.

To assist the University with its goal of reintroducing intercollegiate athletic programming, in 2010, Columbia Capital secured $15 million in New Markets Tax Credits allocations to provide gap financing for the University's new athletics fieldhouse, across the street from its main campus in the Loop. Columbia served as financial advisor on two NMTC transactions, including a redeployment, serving as the University's advocate and coordinating the efforts of the finance teams.

In late 2016, Columbia Capital advised the University on its first NMTC unwind. Columbia Capital is currently advising the University on the bond structure and NMTC implications of its study of its comprehensive real estate holdings.



Comprehensive Services. Expert Execution.

Columbia Capital provides comprehensive advisory services from financial planning to conceptual plan of finance development to transaction execution to final maturity.

- **Transaction Financial Advisory Services.** Columbia Capital is a full-service financial advisory firm, meeting the needs of issuer and borrower clients across the wide spectrum of the municipal market.
- **Economic Development Consulting Services.** Columbia Capital provides advice and assistance to its clients in evaluating, transacting and managing economic development projects and financings.
- **Complex Financial Modeling.** Columbia Capital undertakes complex financial modeling assignments for its clients, building tools that are simple for issuers and borrowers to use and maintain but powerful in their analytics and their output.
- **Financial Planning.** Columbia Capital assists its clients in their annual and multi-year financial planning, include developing debt service projections, assisting with construction of capital improvement plans and developing public information.
- **Conceptual Plan of Finance Development.** As a regular advisor on new credits to the market and new security structures for existing issuers, Columbia Capital assists its clients in developing the conceptual legal, financial, investor marketing and mechanical frameworks of novel financings.
- **Rating Agency Strategy.** Working across a variety of municipal sectors, Columbia Capital maintains proprietary tools and models to assist us in advising our clients on rating strategy for new credits, existing credits and surveillance calls.
- **Investor Relations and Outreach Strategy.** Columbia Capital assists its clients in developing effective means of investor outreach, including road shows, websites and investor conferences.
- **Bond Proceeds Investment and Idle Funds Cash Management.** As an SEC-registered investment adviser, Columbia Capital manages more than $500 million in portfolios comprised of operating funds, capital funds and bond proceeds.
- **munivault® Post-Issuance Compliance Service.** Columbia Capital developed this suite of post-issuance compliance services to ease its clients' administrative burden of managing tax advantaged transactions after the sale.

Planning. Advice. Execution.

In our work for non-profits, Columbia Capital maintains a statutory duty of care. We take this duty seriously, working closely with our clients to understand their needs, explore potential solutions to those needs and manage the process of executing on those solutions. Our regular work for non-profits includes:

CAPITAL PLANNING

Columbia Capital regularly assists its clients with matching various financing approaches to their long-range capital plans. As our clients' independent advisor, we work to ensure they understand all of their financing alternatives, including approaches they may not be familiar with. Our work in this area spans informal conversations with finance staff to written reports approved by staff and adopted by our clients' boards.

TAX-EXEMPT BONDS

In most cases, 501(c)(3) non-profits are entitled to borrow on a tax-exempt basis for capital improvements within their mission. Using tax-exempt bonds can produce significantly lower borrowing costs, but creates structuring challenges and compliance issues that require expert guidance. As a registered municipal advisor, Columbia maintains a statutory duty of care with its non-profit clients, serving as their advocate throughout the borrowing process, ensuring a successful closing and providing post-issuance assistance.

BANK BORROWINGS (INCLUDING TAX-EXEMPT DIRECT PURCHASES)

Banks are an important source of capital for non-profits. In recent years, a number of banks have created direct purchase programs providing non-profits with an alternative to tax-exempt offerings to the public. Whether for a traditional working capital facility, a letter of credit or a direct purchase of bonds, Columbia Capital manages competitive processes to identify lenders, negotiates key terms and conditions of financings and coordinates execution processes to their completion.

NEW MARKETS TAX CREDITS

Because of the depth of the positive impact they have on the communities they serve, non-profits are a natural fit with the New Markets Tax Credits (NMTC) program. NMTC allocation is finite and competitive; awards are based in large part on the community impact of the investments made. NMTCs can be used for a variety of non-profit purposes, including working capital, equipment financing and capital investment. For major capital investment programs, NMTCs can often provide gap finance totaling 15-20% of project costs. Columbia advises its clients on all phases of NMTC financings, including initial quantification of potential value.

Regulation May Impact Traditional Relationships.

On July 1, 2014, the US Securities and Exchange Commission's rules defining "municipal advisors" became effective. These new regulations impact municipal bond issuers' and borrowers' traditional relationships with and information flow from municipal market participants. Together with Rule G-23 of the Municipal Securities Rulemaking Board, the municipal advisor rule provides clear definition between municipal bond underwriters and entities providing advice to issuers and borrowers. Issuers and borrowers should consider some key outcomes of these regulatory changes:

- "Advice" includes information specific to an issuer or borrower that involves municipal bonds, swaps and other derivatives, and the investment of municipal bond proceeds. Only registered municipal advisors may provide advice, subject to certain exemptions, including an exemption for underwriters engaged on a specific transaction or responding to a request for proposals.
- Exemptions also exist for lawyers, engineers and auditors, but only to the extent those individuals or firms are providing legal, engineering or auditing/accounting advice. Specific financing recommendations in an engineering study might, for instance, constitute "advice" under the regulations.
- No single firm may provide both advice and underwriting on a specific transaction.
- Pitch books that contain information specific to the issuer or borrower, such as refunding ideas or potential financing structures, are likely to be considered to be advice.
- The underwriting exemption begins when an issuer or borrower formally engages an underwriter on a specific transaction and expires at the end of the underwriting period (typically, on or about closing) on that transaction. As a result, underwriters are unable to assist issuers and borrowers with activities ahead of a transaction (such as creating bond election information) or after the end of the underwriting period (such as the investment of bond proceeds).
- Issuers and borrowers who have historically not used a financial advisor may find their traditional relationships with their preferred underwriters to be impacted by these changes. Municipal dealers will not want to preclude their opportunity to underwrite bonds by being seen as providing advice outside of an exemption. Issuers and borrowers can engage independent municipal advisors to "inoculate" their underwriters from this situation.
- Federal law requires municipal advisors to provide advice to their municipal entity clients as a fiduciary, the highest standard of care under the law. Advice from other entities under an exemption may be subject to a lower standard of care, including only a "fair dealing" standard for municipal underwriters.

High-Quality Advice for Today...and Tomorrow.

Execution of municipal market debt transactions today requires high-quality analysis, expert rating agency interaction, a mix of financing tools, a strong transaction team and an approach that balances desired policy outcomes with market realities. Columbia Capital uses 20 years of transaction structuring and management expertise to assist its clients in developing, evaluating and executing their plans of finance.

Contact us to learn how adding Columbia Capital to your transaction team can enhance the outcomes of your next transaction, as well as your ongoing debt management program.

Jeff White
Principal
jwhite@columbiacapital.com

(913) 312-8077
columbiacapital.com
municipaladvisor.info