



# Care Initiatives

*Devoted care for older Iowans*

West Des Moines, Iowa

**Client Profile:** Care Initiatives, a Texas-based non-profit corporation licensed to transact business in the State of Iowa, owns and operates 46 nursing homes, 4 assisted living facilities and 4 independent living facilities and is the largest single operator of nursing homes in Iowa. Care Initiatives serves the special needs of over 3,000 elderly Iowans in a variety of Intermediate Care and Skilled Nursing Facilities throughout the State. All of Care's facilities provide 24-hour professional nursing care in addition to regular medical, nursing, social and rehabilitative services.

**Project Overview:** In 1996, Care Initiatives borrowed \$84,185,000 through the issuance of tax-exempt, fixed rate bonds. Those bonds were sold at a relatively high cost of capital and management determined in 2006 to pursue refinancing options to lower the interest rate on its outstanding debt. Care Initiatives also required "new money" to fund various capital improvement and facility rehabilitation projects. Principals of Wye River Group underwrote Care's inaugural bond offering and Care came back to those principals (now at Wye River Group) to serve as financial advisor for its refunding and new money issue.

**Financing Overview:** The 2006 Bonds were structured and sold in two series. The 2006A Bonds were structured as long-term, fixed rate tax-exempt bonds and were used to advance refund Care's 1996 Bonds for interest cost savings. Fixed rate bonds were chosen for the 2006A Bonds due to Standard and Poor's affirmation of Care's BBB- credit rating. The 2006B Bonds were structured as variable rate demand bonds with a "draw down" letter of credit which allowed Care to borrow money in "tranches" for its projects over an extended timeframe. Under this structure, the interest cost savings to Care was substantial compared to a typical VRDB or fixed rate bond offering.

Wye River Group's services over the course of Care's financing included:

- The development and distribution of a Request for Proposals for qualified investment banking firms to underwrite the financing
- The evaluation of financing proposals and recommendation of an investment bank which has a strong mid-west focus and transactional experience in the financing of long-term care and nursing facilities
- The development of a credit rating presentation to Standard & Poor's which led to the confirmation of an investment-grade credit rating on Care's 2006A Bonds
- Support of the selected underwriting firm in the development of bond investor presentations and related discussions
- The negotiation of key covenants and structure of the bond issue resulting in significant debt service savings and flexibility for the development of Care's future projects

Professional Staff

Kevin Quinn  
Chris Wienk  
Oz Bengur  
Bob Doherty  
Jake Hughes  
Aileen Panitz



Contact Information

522 Chesapeake Avenue  
Annapolis, Maryland 21403  
Ph: 410.267.8811  
Fx: 410.267.8235  
[www.wyriver.net](http://www.wyriver.net)