

# QUALITY LIFE SERVICES (QLS)

JUNE 2018

## CLIENT PROFILE

Sugar Creek Rest, Inc. d/b/a Quality Life Services (“QLS”) was founded in 1973 by Kenneth Tack, Sr. and his sons, Philip Tack and Kenneth Tack, Jr. as a single site nursing home. Since then, QLS has grown into a multi-faceted post-acute multi-site system that has extensive resources and expertise in Western Pennsylvania. Although revenue is expected to exceed \$100 million for fiscal year 2018, it prides itself on its family owned values. Management and operations of QLS were passed to the current generation of Tacks in 2007.

Over the years through both organic growth and acquisition, QLS has grown into a 14-location senior living organization across Western Pennsylvania with 1,400 total healthcare beds. QLS offers rehabilitation, therapy, and memory care, as well as pharmacy services and a Medicare Advantage Plan. Most recently on February 1, 2018, through an acquisition, QLS added Family Home Health and Three Rivers Hospice to its portfolio of companies, offering home health and hospice services to Western Pennsylvania. QLS is headquartered in Butler, Pennsylvania.

## TRANSACTION HIGHLIGHTS

In January 2018, through a competitive selection process, Ziegler was chosen to provide Placement Agent services for QLS; as such, it was Ziegler’s first transaction with QLS. The 2018 Credit Facilities are comprised of a \$57.0 million Term Loan, an \$8.0 million Construction Loan, and a \$6.0 million Revolving Line of Credit the (“2018 Loan”). The proceeds of the 2018 Loan were used to (i) refinance existing debt totaling \$54.7 million, (ii) pay the related accrued interest and fees on



## \$71,000,000 2018 Credit Facilities

57,015,179 Term Loan | \$7,984,821 Construction Loan  
\$6,000,000 Revolving Line of Credit  
Quality Life Services

the existing debt totaling \$1.3 million, (iii) fund \$3.3 million of renovation projects at its Sugarcreek campus and \$4.5 million of renovation and expansion projects at its Sarver location, and (iv) to pay the cost of issuance.

BBVA Compass & SunTrust were the lead banks each taking 50% of the 2018 Loan respectively. The 2018 Loan bears interest at 1-Month LIBOR + the Banks’ fee over a 25-year amortization with a 10-year put. 50% of the 2018 Loan was swapped for 10 years and the remaining 50% is floating for a term matching the Banks’ commitment period (10 years).

## THE ZIEGLER DIFFERENCE

QLS engaged Ziegler to perform a competitive bank credit search for its 2018 Loan and also act as Swap Advisor. The bank group was comprised of a handful of existing western Pennsylvania bank credit providers, other likely bank credit providers in the western Pennsylvania market, as well as select regional and national players. Ziegler’s value added was the competitive process we utilized for the bank selection process that allowed the marriage of the proposals of two regional players who were new to the western Pennsylvania senior living market to create the winning bid.



QUALITY *Life* SERVICES

## REFERENCES

For references on Ziegler’s role in this financing, please contact:

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*“As Quality Life Services continues to grow and develop our post-acute network, Ziegler was able to assist us in structuring our capital needs for current operations and future growth strategies. As the post-acute healthcare landscape adapts to public policy and consumer needs, we believe we are well positioned for the future changes and opportunities. The structuring of our capital needs for future growth and stability would not have been possible without our strong partnership with Ziegler, BBVA Compass, SunTrust and other trusted advisors.”*

This client’s experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at <http://emma.msrb.org/>.

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## THE ZIEGLER DIFFERENCE (CONT'D)

Ziegler was able to bring new banking partners to QLS and the western Pennsylvania senior living market with terms that surpassed those of QLS's incumbent banks and other local banks familiar with QLS. QLS received four proposals from six banks and BBVA Compass and SunTrust Bank were combined to provide a joint proposal for 100% of the credit facilities with exceptional credit terms, the desired amortization period, and strong credit term length. Ziegler and the financing team successfully implemented a drawdown structure for the Project Fund, which allowed QLS to access the banks' funds as needed during the construction period in order to minimize interest costs. In addition, QLS wanted to streamline its capital structure and create a single borrowing group under a Master Trust Indenture ("MTI"). Ziegler used its extensive experience implementing MTIs to provide a strong baseline for future borrowings for QLS.