



October 16, 2014

\$19,000,000 (not-to-exceed amount)
Lake Forest College

REQUEST	<p>Purpose: Revenue Refunding Bonds may be issued in one or more series in an aggregate principal amount not to exceed \$19,000,000 and the proceeds used by Lake Forest College (the “College” or the “Borrower”), an Illinois corporation incorporated under a special act of the Illinois Legislature, to provide the College with the funds necessary to (i) refund and redeem the Illinois Educational Facilities Authority Revenue Bonds, Lake Forest College, Series 1998 (the “Series 1998 Bonds”) (including, without limitation, financing both the principal and accrued interest component of the redemption price if deemed desirable by the College) and (ii) pay costs relating to the issuance of the Bonds and the refunding and redemption of the Series 1998 Bonds, if deemed necessary or desirable by the College, all as permitted under the Illinois Finance Authority Act (and, collectively, the “Financing Purposes”).</p> <p>Program: 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p> <p>No IFA Funds at risk. No State Funds at risk.</p>																
BOARD ACTION	Final Bond Resolution (One-time consideration)																
MATERIAL CHANGES	This is the first time this matter has been considered by the IFA Board of Directors.																
JOB DATA	<table border="0"> <tr> <td>260 FT; 116 PT</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td></td> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Construction jobs projected</td> </tr> </table>	260 FT; 116 PT	Current jobs	N/A	New jobs projected		N/A	Retained jobs	N/A				Construction jobs projected				
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			Construction jobs projected														
BORROWER DESCRIPTION	<ul style="list-style-type: none"> Type of entity: Lake Forest College is a 501(c)(3) co-educational undergraduate liberal arts college established in 1857. Location: Lake Forest/Lake/Northeast 																
CREDIT INDICATORS	<ul style="list-style-type: none"> Lake Forest College is currently rated Baa3 (Negative Outlook) by Moody’s (affirmed as of 8/2/2013) and BBB- (Stable Outlook) by S&P (affirmed 7/3/2014). 																
STRUCTURE	<ul style="list-style-type: none"> Bank direct purchase structure to refinance 100% of the outstanding principal balance and accrued interest on the IEFA Series 1998 Bonds. The Bonds will be a general obligation of the College. The Bonds will be purchased directly by The Northern Trust Company at a fixed, variable, or synthetically fixed interest rate to be determined based on an evaluation of prevailing market conditions at closing. 																
SOURCES AND USES (PRELIMINARY, SUBJECT TO CHANGE)	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Refunding Bonds</td> <td>\$18,335,000</td> <td>Refunding Escrow</td> <td>\$18,050,000</td> </tr> <tr> <td>Equity</td> <td>=</td> <td>Costs of Issuance</td> <td><u>285,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$18,335,000</u></td> <td>Total</td> <td><u>\$18,335,000</u></td> </tr> </table>	Sources:		Uses:		IFA Refunding Bonds	\$18,335,000	Refunding Escrow	\$18,050,000	Equity	=	Costs of Issuance	<u>285,000</u>	Total	<u>\$18,335,000</u>	Total	<u>\$18,335,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 16, 2014**

Project: Lake Forest College

STATISTICS

IFA Project:	E-PC-TE-CD-8702	Amount:	\$19,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Lake Forest	County/	
		Region:	Lake / Northeast

BOARD ACTION

Final Bond Resolution (One-time consideration)
Conduit 501(c)(3) Revenue Bonds
Credit Review Committee recommends approval.
No IFA funds at risk
No extraordinary conditions

VOTING RECORD

This is the first time this matter has been considered by the IFA Board of Directors. There have been no prior votes on this matter.

PURPOSE

Bond proceeds will issued in one or more series in an aggregate principal amount not to exceed \$19,000,000 and used by **Lake Forest College** (the “**College**” or the “**Borrower**”), an Illinois corporation incorporated under a special act of the Illinois Legislature, to provide the College with the funds necessary to (i) refund and redeem the Illinois Educational Facilities Authority Revenue Bonds, Lake Forest College, Series 1998 (the “**Series 1998 Bonds**”) (including, without limitation, financing both the principal and accrued interest component of the redemption price if deemed desirable by the College) and (ii) pay costs relating to the issuance of the Bonds and the refunding and redemption of the Series 1998 Bonds, if deemed necessary or desirable by the College, all as permitted under the Illinois Finance Authority Act (and, collectively, the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. The IFA’s issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

ESTIMATED SOURCES AND USES OF FUNDS (Preliminary, Subject to Change)

Sources:	IFA Refunding Bonds	\$ 18,335,000	Uses:	Refunding Escrow	\$ 18,050,000
				Costs of Issuance	285,000
	Total:	\$ 18,335,000		Total:	\$ 18,335,000

JOBS

Current employment: 260 FT (includes 100 FT faculty); Projected new jobs: N/A
 *116 PT (includes 96 PT faculty)
 Jobs retained: N/A Construction jobs: N/A

*Additionally, the College employs 500 students on a part-time basis who are not included in the part-time employment totals reported above.

FINANCING SUMMARY

Bondholder's Security: The Northern Trust Company will be secured by a general obligation pledge of Lake Forest College.

Underlying Ratings: The College's Series 2012 Bonds are its only Bonds outstanding that are rated without credit enhancement (i.e., rated based on the direct underlying rating of the College). Lake Forest College is currently rated Baa3 (Negative Outlook) from Moody's (affirmed as of August 2, 2013) and BBB- (Stable Outlook) from S&P (affirmed as of July 3, 2014).

Structure/ Interest Rate: Fixed Rate or Variable Rate (with synthetic fixed rate swap option) for an initial term of up to 10 years to be determined based on market conditions (and priced based on an index of 30-Day LIBOR plus an applicable margin). Estimated interest rates are expected to conform to market interest rates for comparably rated debt of a similar maturity (in the range of approximately 2.75% to 3.25% for 10 years).

Maturity: The Series 2014 Revenue Refunding Bonds will maintain the same final maturity date as the Series 1998 Bonds (i.e., October 1, 2028, which was approximately 30 years from the original date of issuance).

Anticipated Closing Date: October 2014

Rationale: The proposed IFA Series 2014 Revenue Refunding Bonds (Lake Forest College Project) will enable the College to refinance the outstanding balance of its Illinois Educational Facilities Authority Series 1998 Insured Bonds to refinance 20 and 30 year maturities priced in 1998 (bearing interest at a 5.0% rate) at lower current market rates for maturities from 2018 to 2028, thereby realizing present value savings that can be used to fund the College's operations, increase balance sheet liquidity, or accelerate repayment of the College's debt.

This financing will also enable the College to streamline bond and loan covenants. Following this transaction, The Northern Trust Company will (i) continue to serve as the Direct Pay Letter of Credit provider on the College's Series 2008 Bonds while (ii) becoming the Direct Bond

Purchaser for the College's IFA Series 2014 Revenue Refunding Bonds. The Northern Trust Company also provides the College with a Line of Credit facility. (The Series 2012 Bonds were sold based on the direct, underlying ratings of the College and will remain outstanding with external bondholders.)

BUSINESS SUMMARY

Background: **Lake Forest College** (the "**College**" or the "**Borrower**") is an Illinois not-for-profit corporation and is a 501(c)(3) corporation originally founded in 1857 by the founders of the Village of Lake Forest and an Illinois corporation incorporated under a special act of the Illinois Legislature.

The College is governed by a Board of Trustees (see Economic Disclosure Statement section on pages 5-7 for further information). The Members of the Board of Trustees include Charter Trustees, National Trustees, Ex Officio Trustees, and Life Trustees. The act of a majority of the 20 Charter Trustees constitutes a valid action of the College's Board of Trustees.

Description: Lake Forest College is a co-educational undergraduate liberal arts college that is located approximately 30 miles north of Chicago in the Village of Lake Forest. The College is a non-denominational liberal arts college that was founded in the mid-1800s by a group of Presbyterian ministers and retains affiliation with the church.

The College's campus is located on approximately 107 acres on three attached campuses with a portion of the lands granted to the College at its founding in 1857. The campus is located in the National Register Historic District of East Lake Forest and is comprised of 65 College-owned buildings.

Lake Forest College's academic programs include 30 majors and focus on combining the ideals of a liberal arts education with pre-professional and career preparation (including internship opportunities). The College offers accelerated and dual degree programs in law, communication, nursing, engineering, and international relations offering highly motivated students a way to finish a degree in only three years, or to complete a bachelor's degree while enrolled in an undergraduate or graduate program at a partner university.

The College has a distinguished faculty of 100 full-time teaching faculty (and 96 part-time). Approximately 98% of the College's full-time teaching faculty members hold the terminal degree in their field of study.

The College's total undergraduate student enrollment was 1,607 (or 1,600 FTE's) at the beginning of the 2014-2015 academic year (Fall 2014), up from 1,491 undergraduate students (1,485 FTE's) in Fall 2011. The College has steadily increased undergraduate enrollment over each of the past 5 years. In Fall 2009, the College enrolled 1,387 undergraduate students (1,382 FTE's). Academic year 2014-2015 undergraduate tuition and fees total \$41,172.

The College's student body represents 47 states and 78 countries. Approximately 1,150 of the student body lives on campus. Lake Forest competes in Division III and offers 17 varsity sports, nine women's and eight men's.

Lake Forest College admits students regardless of their ability to pay, so that qualified students from all economic backgrounds have the opportunity to pursue their academic goals. Lake Forest is committed to meeting as much of a student's demonstrated financial need as possible, which may include a combination of federal/state/college grants, loans, and work-study opportunities. The College offers several merit-based scholarships, recognizing academic achievement, talent, and community engagement.

Lake Forest College is included in The Princeton Review's 2015 Best Colleges, and appears on its Financial Aid Honor Roll and its Best Midwestern Colleges list. Lake Forest College is a Tier 1 school and was ranked as 120th in a list of the top liberal arts colleges in the country by US News

& World Report for its *America's Best Colleges 2014 Edition*. Lake Forest College is a member of the Associated Colleges of the Midwest.

In addition to (i) the estimated \$18,335,000 IFA Series 2014 Revenue Refunding Bonds (which would refund 100% of the outstanding principal balance of IEFA Series 1998 Bonds (Lake Forest College Project) and provide funds to cover related costs), the College also has outstanding approximately (ii) \$6,000,000 of IFA Series 2008 Bonds (Lake Forest College), and (iii) \$15,800,000 of IFA Series 2012 Bonds, the proceeds of which were used to finance a new (replacement) student housing project (the College redeemed \$160,000 of the original \$15,960,000 Par Amount as of 10/1/2014 as posted on the MSRB's EMMA website).

All payments on all three of the College's outstanding Bonds have been made as scheduled as of 10/1/2014, including: (i) IEFA Series 1998 Bonds (originally enhanced with MBIA municipal bond insurance; now with "A3"-rated municipal bond insurance from National Public Finance Guarantee Corporation (as successor to MBIA)), (ii) IFA Series 2008 Bonds (credit enhanced with a Direct Pay Letter of Credit from The Northern Trust Company with an enhanced rating of Aa3/P-1 with a Stable Outlook), and (iii) IFA Series 2012 Bonds (under which the College applied for and was assigned "Baa3" with a Negative Outlook (Moody's; affirmed 8/2/2013); "BBB-" with a Stable Outlook (S&P; rating affirmed 7/3/2014) have been made as scheduled as of 10/1/2014.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will issued in one or more series in an aggregate principal amount not to exceed \$19,000,000 and used by **Lake Forest College** (the "**College**" or the "**Borrower**"), an Illinois corporation incorporated under a special act of the Illinois Legislature, to provide the College with the funds necessary to (i) refund and redeem the Illinois Educational Facilities Authority Revenue Bonds, Lake Forest College, Series 1998 (the "**Series 1998 Bonds**") (including, without limitation, financing both the principal and accrued interest component of the redemption price if deemed desirable by the College) and (ii) pay costs relating to the issuance of the Bonds and the refunding and redemption of the Series 1998 Bonds, if deemed necessary or desirable by the College, all as permitted under the Illinois Finance Authority Act (and, collectively, the "**Financing Purposes**").

ECONOMIC DISCLOSURE STATEMENT

Applicant: Lake Forest College, 555 N. Sheridan Road, Lake Forest, IL 60045 (c/o Ms. Lori Sundberg, Vice President for Finance and Planning, North Hall 106, 847-735-5034)
E-mail: lsundber@mx.lakeforest.edu

Applicant Website: www.lakeforest.edu

Project name: Lake Forest College Series 2014 Revenue Refunding Bonds

Location: Lake Forest College, Lake Forest (Lake County), IL

Organization: Illinois Not-for-Profit Corporation

Ownership/
Board of
Trustees:

Lake Forest College – Board of Trustees – 2014-2015:

Officers

William U. Parfet '70, Chairman
Daniel D. Dolan Jr. '80, Vice-Chairman
Lorna S. Pfaelzer, Vice-Chairwoman
William A. Lowry '84, Secretary

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Vice President
Global Event
Marketing (Retired),
JP Morgan

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Senior Vice
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Counsel, OhioHealth

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President, Heisley
Family Foundation

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Chairman and Chief
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Group

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Vogel
Castagnetti

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Ampersand, Reset
and South Eastern
Limited Partnership

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President, SSU
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President, Viator,
Inc.
Williamstown, MA

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Chairman,
Burlington Northern
Santa Fe
Corporation
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Lake Forest, Illinois

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Advisors, LLC
Board Member-ABS
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Inc.,
Seonic Inc.

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President,
Czarnowski Display
Service Inc.

Craig Omtvedt (2017)
Senior Vice
President and Chief
Financial Officer,
Fortune Brands
(Retired)
Lake Forest, Illinois

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Chairman, Chief
Executive Officer
and President; MPI
Research

Stephen D. Schutt, Ex Officio
President, Lake
Forest College

Joanne M. Storkan (2018)
Executive Producer
and President,
Honest Engine Films

Stephen C. Strelsin (2017)
Managing
Partner, Axiom
Consulting Partners

Claudia Wyatt-Johnson '69 (2015)
Founding Partner,
Partners in
Performance Inc.

National Trustees

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Hobe Sound, Florida

Liam Connell (2016)
Lake Forest, Illinois

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Corporate Director-
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Liberty Property
Trust
Matthews
International
Corporation

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McEnery Capital
Management, LLC

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Lake Forest, Illinois

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Wintrust Financial
Corporation

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President and Managing Shareholder,
Nyhan, Bambrick, Kinzie & Lowry, P.C.

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Collins

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Pacific Palisades,
CA

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Lake Bluff, Illinois

Alexander D. Stuart (2016)
President, North Star Investments

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Chairman, Biofit Engineered Products

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Green Bay Management Company

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Lake Forest, Illinois

Samuel J. Henry
Lake Forest, Illinois

Paula P. Lillard
Lake Forest, Illinois

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Chairman & Chief Executive Officer (Retired), Kemper Group

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Lake Forest, Illinois

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Lake Bluff, Illinois

Rhoda A. Pierce '60
Highland Park, Illinois

Dr. Barbara O. Taylor
Lake Forest, Illinois

Florence F. Wheeler
Lake Forest, Illinois

Ex Officio Trustees

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President, Lake Forest College Alumni Board

John N. Popoli
President, Lake Forest Graduate School of Management

Stephen D. Schutt
President, Lake Forest College

PROFESSIONAL & FINANCIAL

Borrower:	Lake Forest College	Lake Forest, IL	Lori Sundberg
Auditor:	Crowe Horwath LLP	Chicago, IL	
Borrower's Counsel:	Drinker Biddle & Reath LLP	Washington, DC	Robert McCann
Placement Agent:	William Blair & Company, LLC	Chicago, IL	Aleks Granchalek
Purchasing Bank:	The Northern Trust Company	Chicago, IL	Jason Simon
Bank Counsel:	Dentons	Chicago, IL	Mary Wilson
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Rating Agencies (Direct Rating on 2012 Bonds only):	Moody's Investors Service	Chicago, IL	
	Standard & Poor's	Chicago, IL	
IFA Counsel:	Thompson Coburn	Chicago, IL	Tom Smith
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

LEGISLATIVE DISTRICTS

Congressional: 10
State Senate: 29
State House: 58
