

June 11, 2015

\$30,500,000 (not-to-exceed)
North Central College

REQUEST	Purpose: Series 2015 Bond proceeds, together with other available funds, will be used by North Central College (the “ College ” or “ Borrower ”) to: (i) finance or reimburse the College for the costs of the planning, design, acquisition, construction, furnishing and equipping of certain of its “educational facilities” and (ii) finance or reimburse the College for costs and expenses incurred in connection with the issuance of the Series 2015 Bond if deemed desirable by the College (the “ Financing Purposes ”).			
	Program: Conduit 501(c)(3) Revenue Bonds			
	Extraordinary Conditions: None.			
BOARD ACTION	Final Bond Resolution Voting Record (October 16, 2014) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 5 Absent (Leonard; O’Brien; Pedersen; Tessler; and Vaught); 0 Vacant.			
MATERIAL CHANGES	Report reflects final pricing of the Series 2014A/B Bonds which were issued in December 2014; accordingly, Sources & Uses have been updated.			
JOB DATA	604 (FTE)	Current jobs	23	New jobs projected (for new science building only)
	N/A	Retained jobs	200	Construction jobs projected (during 24-month construction period of new science building)
DESCRIPTION	<ul style="list-style-type: none"> • Location: Naperville / DuPage County / Northeast • Type of entity: The College, a 501(c)(3) organization incorporated under Illinois law, is an independent, co-educational institution of higher learning founded in 1861 that is governed by a Board of Trustees (see pp. 6-8) and affiliated with the United Methodist Church. • At this time, the College is seeking Final Bond Resolution approval to finance the construction of a new, \$60 million state of the art science building which is scheduled to break ground in July 2015 and open by Fall of 2017. The new building will be approximately 130,000 usable square feet that will house all the lab sciences currently located in Kroehler Science Center plus mathematics, psychology, exercise science and computer science which are currently located in other buildings. • On December 4, 2014, IFA issued its Series 2014A Bond to refund all or a portion of the College’s outstanding IEFA Series 1998 (ACI/Cultural Pooled Financing Program) Bonds and the College’s outstanding IFA Adjustable Rate Demand Revenue Bonds (North Central College) Series 2008. Additionally, IFA issued its Series 2014B Bond to refund all or a portion of the College’s outstanding IEFA Series 1999 (Cultural Pooled Financing Program) Bonds and finance the construction of a \$22 MM, 229-bed residence hall which is scheduled to open Fall 2015 to meet current housing demand among students. The new residence hall will consist of suite style units of four beds per suite / two bathrooms / one student per bedroom, and is expected to be approximately 98,000 square feet. 			
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Borrower is a non-rated entity. • The IFA Series 2015 Bond will be purchased directly by BMO Harris Bank, N.A. (the “Bond Purchaser”). • BMO Harris Bank, N.A. previously purchased the IFA Series 2014A Bond and PNC Bank N.A. previously purchased the IFA Series 2014B Bond. Each Bond Purchaser is a secured lender and a direct bond investor. 			
SECURITY	<ul style="list-style-type: none"> • The three tranches of IFA Bonds (i.e., Series 2014A, Series 2014B and Series 2015) are a general corporate obligation, secured by the College’s unrestricted revenues along with a negative pledge of North Central’s buildings or other property on campus, and an assignment of Science Center campaign pledges. 			
MATURITY/INTEREST RATES	<ul style="list-style-type: none"> • The IFA Series 2015 Bond will have a 10-year maturity (i.e., 12/1/2025). • The IFA Series 2015 Bond will be sold at a variable rate to be determined at pricing, but calculated to be between approximately 1.25% and 1.75% based on current market rates (as of 5/30/2015). 			
SOURCES AND USES	Sources:		Uses:	
	Series 2014A Bond	\$33,953,000	New Construction	\$82,000,000
	Series 2014B Bond	32,206,000	Refunding Escrow	41,505,589
	Series 2015 Bond	30,185,000	Architectural & Engineering	3,000,000
	Equity	<u>33,005,589</u>	Redemption Costs	2,249,675
			Costs of Issuance	<u>594,325</u>
	Total	<u>\$129,349,589</u>	Total	<u>\$129,349,589</u>
RECOMMENDATION	Credit Review Committee recommends approval.			

BOARD SUMMARY
June 11, 2015

Project: North Central College

STATISTICS

Project Number: E-PC-TE-CD-8700	Amount: \$30,500,000 (not-to-exceed amount of Series 2015Bonds)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Locations: Naperville	County/Region: DuPage County/Northeast

BOARD ACTION

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

VOTING RECORD

Voting Record (October 16, 2014) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 5 Absent (Leonard; O’Brien; Pedersen; Tessler; and Vaught); 0 Vacant.

PURPOSE

Series 2015 Bond proceeds, together with other available funds, will be used by **North Central College** (the “**College**” or “**Borrower**”) to: (i) finance or reimburse the College for the costs of the planning, design, acquisition, construction, furnishing and equipping of certain of its “educational facilities” and (ii) finance or reimburse the College for costs and expenses incurred in connection with the issuance of the Series 2015 Bond if deemed desirable by the College (the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bond paid to bondholders, thereby reducing the Borrowers’ interest expense.

VOLUME CAP

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

JOBS

Current employment: 604 FTE	Projected new jobs: 23 (for new science building only)
Jobs retained: N/A	Construction jobs: 200 (during 24-month construction period of new science building)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Series 2014A Bond*	\$33,953,000	Uses:	New Construction	\$82,000,000
	Series 2014B Bond*	32,206,000		Refunding Escrow	41,505,589
	Series 2015 Bond	30,185,000		Architectural & Engineering	3,000,000
	Equity**	<u>33,005,589</u>		Redemption Costs	2,249,675
				Costs of Issuance	<u>594,325</u>
	Total	<u>\$129,349,589</u>		Total	<u>\$129,349,589</u>

* The IFA Series 2014A Bond and Series 2014B Bond closed and funded on December 4, 2014.

** North Central College contributed \$5,589 of its anticipated total equity contribution of \$33,005,589 at the closing of the Series 2014A Bond/Series 2014B Bond. Accordingly, the remaining \$33,000,000 will be contributed directly to the design and construction of the new science building over the 24-month construction period.

FINANCING SUMMARY

Security: The Bonds are a general corporate obligation, secured by the College's unrestricted revenues, along with a negative pledge of North Central's buildings or other property on campus, and an assignment of Science Center campaign pledges.

Structure: The plan of finance contemplates the direct purchase of tax exempt debt in an amount not-to-exceed \$30.5 million (but anticipated to be \$30.185 million) to be purchased directly by BMO Harris Bank, N.A. (the "**Bond Purchaser**"). The Bond Purchaser is a secured lender and the direct bond investor.

This is the third tranche of IFA Bonds being issued for North Central College.

BMO Harris Bank, N.A. is the direct-purchaser of two tranches, as described below:

- (i) \$33.953 million Series 2014A Bond, combined with an equity contribution of \$5,589 from the College, to refund the principal amount outstanding of the IEFA Series 1998 ACI/Cultural Pool Bonds (\$14,500,000), refund the principal amount outstanding of the IFA Series 2008 Revenue Bonds (\$17,005,589), pay related redemption costs (\$2,249,675) and pay applicable costs of issuance (\$203,325).
- (ii) \$30.185 million Series 2015 Bond, combined with an equity contribution of approximately \$33.0 million, to design and construct a new, \$60.0 million state of the art science building, which is currently scheduled to open by the Fall of 2017, and pay applicable costs of issuance. The new building will be approximately 130,000 usable square feet and located on property currently owned by the College.

PNC Bank, N.A. is the direct-purchaser of one tranche, as described below:

- (iii) \$32.206 million Series 2014B Bond to construct a new, 229-bed residence hall on property currently owned by the College and zoned for that purpose which will break ground in the Fall of 2014 and open by this Fall (\$22,000,000), refund the principal amount outstanding of the IEFA Series 1999 ACI/Cultural Pool Bonds (\$10,000,000), and pay applicable costs of issuance (\$206,000).

Underlying

Debt Rating: The College is a non-rated entity. The Series 2015 Bond, along with the Series 2014A Bond and the Series 2014B Bond, will not be rated.

Interest Rate: The IFA Series 2015 Bond will be sold at a variable rate to be determined at pricing, but is anticipated to be between approximately 1.25% and 1.75% based on current market rates (as of 5/30/2015).

Maturity: Issued in three tranches, the IFA Bonds will mature as described below:

Series 2014A

- 14 years (i.e., 2028) and 24 years (i.e., 2038) on tranche of IFA Bonds issued to refund the IEFA Series 1998 ACI/Cultural Pool Bonds and IFA Series 2008 Revenue Bonds, respectively – thus, matching the interest-only amortization schedules (i.e., bullet maturities) of the bonds being refunded.

Series 2014B

- 30 years (i.e., 2044) on tranche of IFA Bonds issued to construct the residence hall and refund the IEFA Series 1999 ACI/Cultural Pool Bonds.

Series 2015

- 10 years (i.e., 2025) on tranche of IFA Bonds issued to construct the science building.

Estimated

Closing Date: July 2015

Rationale:

During the competitive bid process that the College undertook in August 2014 among banks interested in financing its capital projects and refinancing its bonds, the College solicited tax-exempt and taxable proposals from potential bank partners. As a result, all but one bank responded that tax-exempt financing would be more economically beneficial to the College and based on the one taxable proposal it received, the College determined that tax-exempt financing could be completed at a rate that would be approximately 1.00% lower than a taxable loan for the same fixed term. These savings will be substantial and cumulative over the term of these financings. Savings attributable to tax-exempt financing will also free up College cash to be used for other purposes that will enhance the College and the surrounding community.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Series 2015 Bond proceeds, together with other available funds, will be used by **North Central College** (the “**College**” or “**Borrower**”) to: (i) finance or reimburse the College for the costs of the planning, design, acquisition, construction, furnishing and equipping of certain of its “educational facilities” and (ii) finance or reimburse the College for costs and expenses incurred in connection with the issuance of the Series 2015 Bond if deemed desirable by the College (the “**Financing Purposes**”).

Estimated Project costs financed with Series 2015 Bond proceeds consist of the following:

New Construction (Science Building)	<u>\$30,000,000</u>
Total New Project Costs	<u>\$30,000,000</u>

BUSINESS SUMMARY

Description: **North Central College** (the “College” or the “Borrower”) was established in 1861 and is incorporated under State of Illinois law. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code. The University is governed by a Board of Trustees of up to 46 members (see Economic Disclosure Statement on pages 6-7).

Background: North Central College was founded in Plainfield, Illinois as North Western College. Shortly thereafter, the Board of Trustees undertook the challenge of reaching out to a growing number of prospective students. At that time the Board realized that a major shortcoming was Plainfield’s lack of direct railroad access. The citizens of Naperville, Illinois generously offered the College five acres of land within walking distance of its train station and \$25,000 to relocate from Plainfield to Naperville in 1870. Moving to this location enabled the College to successfully fulfill its mission and grow into the respected institution it is today.

Now, the College has grown into a 65-acre campus situated in Naperville’s residential Historic District, offering 12 residence halls, three dining halls and 41 total buildings. The College’s residence halls have reached maximum capacity due to strong demand at the thriving campus. The Borrower is an independent, comprehensive college of the liberal arts and sciences offers more than 55 undergraduate majors and graduate programming in seven areas (Business Administration, International Business Administration, Education, Leadership Studies, Liberal Studies, Management Information Systems and Web and Internet Applications).

As of 9/10/2014, North Central had approximately 2,935 FTE (Full Time Equivalent) students (2,775 undergraduate and 160 graduate students). For the academic 2013-2014 year, the College employed 147 full-time (106 tenure track) and 31 half-time faculty members. Moreover, 98% of tenure-track faculty members hold a Ph.D. or the terminal degree in their field. As the College has no teaching assistants, 68% of courses are taught by full-time faculty in an average class size of 21. The student/faculty ratio at the College was 15:1.

North Central College is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

Affiliation: North Central College is a United Methodist Church-affiliated college.

ECONOMIC DISCLOSURE STATEMENT

Applicant: North Central College, 30 N. Brainard Street, Naperville, IL 60540

Contact: Paul Loscheider, VP for Business Affairs; (T): 630-637-5678; E-mail: ploscheider@noctrl.edu

Website: <http://www.noctrl.edu/>

Location: The Projects are or will be owned by the College and are or will be located on land owned by the College on its main campus having the address commonly known as 30 North Brainard Street, Naperville, Illinois and which is further described as its property bordered generally by Sleight Street on the east, North Avenue on the north, Washington Street on the west and Hillside Road on the south (i.e., the “Campus”), including (i) a new residence hall and (ii) new science education center located on the College’s Campus, all within Naperville, Illinois.

Project name: IFA Refunding Revenue Bonds (North Central College), Series 2014A
IFA Revenue and Refunding Bonds (North Central College), Series 2014B
IFA Revenue Bonds (North Central College), Series 2015

Board of
Trustees/

Administration: North Central College is governed by a Board of Trustees that may be comprised of up to 46 members (36 currently), which meets three times a year, in October, February and May, and includes the President of the College, Troy D. Hammond, Ph.D. The president is assisted in his duties by an administrative cabinet consisting of five vice presidents.

Board of Trustees:

Steven H. Hoeft '73, Chair

Attorney; McDermott, Will Emery; Chicago, Illinois

J. Thomas Gruenwald, Vice Chair, Academic Affairs

Managing Partner, Alliant Formulations; Bedford Park, Illinois

David W. Kelsch, Vice Chair, Business Affairs

President & CEO; Advanced Data Technologies, Inc.;
Naperville, Illinois

**Jeffrey K. Swallow '94, Vice Chair, Enrollment Management
and Student Affairs**

President and CEO; Magnetrol International Incorporated;
Aurora, Illinois

Donald C. Sharp, Vice Chair, Institutional Advancement

President and CEO; Coolfire Solutions; St. Louis, Missouri

Kevin M. Gensler, Secretary

President; Dommermuth, Cobine, West, Gensler, Philipchuck,
Corrigan & Bernhard, Ltd.; Naperville, Illinois

Esther T. Benjamin '90

CEO, Africa Operations; Laureate Education; Baltimore,
Maryland

Kathryn Birkett

Superintendent of Schools (Retired); Indian Prairie School
District 204; Aurora, Illinois

Erin L. Bishop '93

Senior Corporate Counsel; Caterpillar Inc.; Nashville,
Tennessee

Robin B. Boren

President, Pivotal Home Solutions; AGL Resources;
Naperville, Illinois

James J. Boyne

Executive Director; Steamboat Springs Winter Sports Club;
Steamboat Springs, Colorado

Matthew S. Brill '97

Derivatives Trader; Tourmaline Partners; Pottstown,
Pennsylvania

Sally Dyck

Bishop, Northern Illinois Conference; The United Methodist
Church; Chicago, Illinois

Troy D. Hammond

President; North Central College; Naperville, Illinois

Nancy Hanson '79

Former Teacher; Naperville Community Unit Dist. 203;
Chicago, Illinois

Thomas Harter, Sr.

Chairman, President and CEO; Microdynamics Group;
Naperville, Illinois

Holly Humphrey '79

Ralph W. Gerard Professor of Medicine and Dean for Medical
Education;
The University of Chicago Pritzker School of Medicine;
Chicago, Illinois

Peter P. Jones '76

Chief Operating Officer; M-Cubed Information Systems, Inc.;
Silver Spring, Maryland

Hee-Soo Jung

Bishop, Wisconsin Conference; The United Methodist Church;
Sun Prairie, Wisconsin

J. Raymond Kinney, III H'10

Principal; Minuteman Press; Naperville, Illinois

Susan Koranda '06

Administrator; Rob A. Koranda Scholarship Foundation;
Naperville, Illinois

Ronald Lueptow '81

Chief Financial Officer; ArrMaz Custom Chemicals, Inc.;
Mulberry, Florida

Joseph Mallon '80

Partner (Retired); Deloitte & Touche, LLP; Chicago, Illinois

James A. McDermet M'92

Senior Vice President, Global and Americas
Operations;
Starbucks Corporation; Seattle, Washington

Holly I. Myers '69

President (Retired); Pediatric Insurance Consultants,
Inc.; Naperville, Illinois

Michael R. Naset

Senior Partner (Retired); Accenture LLP; Naperville,
Illinois

Lori Nita '02 Novak

Senior Vice President Hedge Fund Service; Northern
Trust; Chicago, Illinois

Jeffrey J. Oesterle '76

Owner; Plaza Properties; Schererville, Indiana

Leah Rippe

Publisher; Naperville Magazine; Naperville, Illinois

Steven Rubin

Partner; Kitchens To Go; Naperville, Illinois

Stephen T. Sellers '76

CEO; Applied Noetics; Batavia, Illinois

Scott Wehrli '91

Secretary/Treasurer and Partner; Dukane Precast, Inc.;
Naperville, Illinois

Herman B. White Jr.,

Senior Scientist; Fermi National Accelerator
Laboratory; Batavia, Illinois

Robert A. Wislow '67

Chairman/CEO; U.S. Equities Realty; Chicago,
Illinois

Lee J. Woolley '85

Region President, Mid-Atlantic Region; BNY Mellon
Wealth Management; Chicago, Illinois

Maria E. Wynne '77

CEO; Leadership Greater
Chicago; Chicago, Illinois

PROFESSIONAL & FINANCIAL

Borrowers' Counsel:	Dommermuth, Cobine, West, Gensler, Philipchuck, Corrigan and Bernhard, Ltd.	Naperville, IL	Kathy West
Borrowers' Financial Advisor:	Longhouse Capital Advisors, LLC	La Grange Park, IL	Michael Boisvert Lindsay Wall
Auditor:	Grant Thornton LLP	Chicago, IL	
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	Nancy Burke Becky Brueckel Leslie Cornell
Banks/ Bond Purchasers:	<u>Series 2014A and Series 2015</u> BMO Harris Bank, N.A.	Chicago, IL	Deb Capozzi
	<u>Series 2014B</u> PNC Bank, N.A.	Chicago, IL	Barb Fahnstrom Jeff Warner
BMO Harris Counsel:	Chapman and Cutler LLP	Chicago, IL	Carol Thompson
PNC Bank Counsel:	Thompson Coburn LLP	St. Louis, MO	Brandi M. Wilson
Paying Agent:	The Bank of New York Mellon Trust Co.	Chicago, IL	Bob Hardy Merci Stahl
Exiting Trustee:	The Bank of New York Mellon Trust Co.	Chicago, IL	Bob Hardy Merci Stahl
Exiting LOC Bank ACI/Cultural Pool:	JPMorgan Chase Bank, N.A.	Chicago, IL	
Exiting LOC Bank Series 2008:	Bank of America, N.A.	Chicago, IL	
General Contractor(s):	Pepper Construction Bulley & Andrews, LLC	Chicago, IL Chicago, IL	
Architect(s):	Holabird & Root LLC Buchar, Mitchell, Bajt Architects, Inc.	Chicago, IL Joliet, IL	
IFA Counsel:	Arnstein & Lehr LLP	Chicago, IL	Randall S. Kulat
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	6
State Senate:	21
State House:	41
