



\$17,000,000 – FINAL ISSUANCE AMOUNT – CLOSED 2/28/2013

**PAB CONDUIT**

February 12, 2013

**\$17,000,000 (not-to-exceed amount)  
Steppenwolf Theatre Company**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Steppenwolf Theatre Company</b> (the “<b>Company</b>” or the “<b>Borrower</b>”) to provide the funds necessary to (a) refund the outstanding \$6,100,000 aggregate principal amount of the Illinois Development Finance Authority Revenue Bonds (Steppenwolf Theatre Company Project) Series 1998 (the “<b>1998 Bonds</b>”) initially issued for the purpose of (i) financing the costs of the acquisition, construction and renovation of real property owned and operated by the Borrower located at 758 West North Avenue, Chicago, Illinois, and (ii) financing the costs of the acquisition, construction and renovation of the studio theatre located within the Borrower's Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (b) refinance certain of the Borrower's taxable debt incurred for the purpose of acquiring the real property located at 1700 North Halsted, Chicago, Illinois (the “<b>Development</b>”), (c) refund a taxable loan made to the Borrower incurred for the purpose of financing certain fees and expenditures related to the acquisition of a chiller located at and relating to the Borrower's Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (d) finance costs of acquisition, construction and renovation of the real property owned and operated by the Borrower located at 1700 North Halsted Street, Chicago, Illinois, (e) fund certain reserves pertaining to the Bonds, and (f) pay costs of issuance of the 2013 Bonds.</p> <p><b>Program:</b> 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTIONS</b>	Final Bond Resolution ( <i>One-time consideration</i> )																								
<b>MATERIAL CHANGES</b>	None. This is the first time this financing proposal has been presented to the IFA Board of Directors.																								
<b>JOB DATA</b>	<table border="0"> <tr> <td>409</td> <td>Current jobs</td> <td>5-9</td> <td>New jobs projected (1-2 years)</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>100</td> <td>Construction jobs projected (6 months)</td> </tr> </table>	409	Current jobs	5-9	New jobs projected (1-2 years)	N/A	Retained jobs	100	Construction jobs projected (6 months)																
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Project Location: Chicago/Cook County/ Northeast Region</li> <li>• Type of entity: Steppenwolf Theatre Company, a 501(c)(3) organization incorporated under Illinois law, is a Tony Award-winning Chicago theatre company founded in 1976 and governed by a self-perpetuating board of trustees (the “Board”). Trustees are nominated by a Board-appointed nominating committee and elected by a majority vote of the Board. Forty-four trustees sit on the Board or its Executive Committee. In addition, there are four emeritus trustees and eight national committee members who are ex officio members of the Board. Elected trustees serve three-year terms and may be re-elected to additional terms.</li> </ul>																								
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The plan of finance contemplates Bonds will be secured by a Direct Pay Letter of Credit from <b>The Northern Trust Company</b> (the “<b>LOC Bank</b>”), which is rated AA3/AA-/AA- long-term and P-1/A-1 +/F1+ short-term by Moody's/S&amp;P/Fitch.</li> <li>• Steppenwolf Theatre Company is a non-rated entity.</li> <li>• PNC Capital Markets, LLC has been engaged by the Borrower to serve as the Underwriter and Remarketing Agent.</li> </ul>																								
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The Bonds will be a general unsecured corporate obligation of the Company and as such will not be secured by a mortgage or security interest on any of the Company's assets, properties or funds.</li> </ul>																								
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will have a final maturity of March 1, 2043.</li> <li>• Both sizing and interest rate modes will be determined based on an evaluation of market conditions by the Company and its financing team at pricing.</li> </ul>																								
<b>SOURCES AND USES ESTIMATED</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA New Money Bonds</td> <td>\$10,900,000</td> <td>Project Costs/Contingency</td> <td>\$3,795,000</td> </tr> <tr> <td>IFA Refunding Bonds</td> <td><u>6,100,000</u></td> <td>Refunding Bonds</td> <td>6,100,000</td> </tr> <tr> <td></td> <td></td> <td>Refinance Taxable Loans</td> <td>6,765,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td><u>340,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b>\$17,000,000</b></td> <td><b>Total</b></td> <td><b>\$17,000,000</b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA New Money Bonds	\$10,900,000	Project Costs/Contingency	\$3,795,000	IFA Refunding Bonds	<u>6,100,000</u>	Refunding Bonds	6,100,000			Refinance Taxable Loans	6,765,000			Costs of Issuance	<u>340,000</u>	<b>Total</b>	<b>\$17,000,000</b>	<b>Total</b>	<b>\$17,000,000</b>
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<b>Total</b>	<b>\$17,000,000</b>	<b>Total</b>	<b>\$17,000,000</b>																						
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																								

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
February 12, 2013**

**Project: Steppenwolf Theatre Company**

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**STATISTICS**

Project Number:	E-PC-TE-CD-8602	Amount:	\$17,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	Counties/ Regions:	Cook/Northeast

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**BOARD ACTION**

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

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**VOTING RECORD**

None. This is the first time this project has been presented to the IFA Board of Directors.

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**PURPOSE**

Bond proceeds will be loaned to **Steppenwolf Theatre Company** (the “**Company**” or the “**Borrower**”) to provide the funds necessary to (a) refund the outstanding \$6,100,000 aggregate principal amount of the Illinois Development Finance Authority Revenue Bonds (Steppenwolf Theatre Company Project) Series 1998 (the “**1998 Bonds**”) initially issued for the purpose of (i) financing the costs of the acquisition, construction and renovation of real property owned and operated by the Borrower located at 758 West North Avenue, Chicago, Illinois, and (ii) financing the costs of the acquisition, construction and renovation of the studio theatre located within the Borrower's Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (b) refinance certain of the Borrower's taxable debt incurred for the purpose of acquiring the real property located at 1700 North Halsted, Chicago, Illinois (the “**Development**”), (c) refund a taxable loan made to the Borrower incurred for the purpose of financing certain fees and expenditures related to the acquisition of a chiller located at and relating to the Borrower's Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (d) finance costs of acquisition, construction and renovation of the real property owned and operated by the Borrower located at 1700 North Halsted Street, Chicago, Illinois, (e) fund certain reserves pertaining to the Bonds, and (f) pay costs of issuance of the 2013 Bonds.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds 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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower's interest expense.

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**VOLUME CAP**

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

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**ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)**

Sources:	IFA New Money Bonds	\$10,900,000	Uses:	Project Costs/Contingency	\$3,795,000
	IFA Refunding Bonds	<u>6,100,000</u>		Refunding Bonds	6,100,000
				Refinance Taxable Loans	6,765,000
				Costs of Issuance	<u>340,000</u>
<b>Total</b>		<b><u>\$17,000,000</u></b>	<b>Total</b>		<b><u>\$17,000,000</u></b>

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**JOBS**

Current employment:	409	Projected new jobs:	5-9 (1-2 years)
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Jobs retained: N/A Construction jobs: 100 (6 months)

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#### FINANCING SUMMARY

Security: The Bonds will be secured by a Direct Pay Letter of Credit provided by The Northern Trust Company (the “**LOC Bank**”) and underwritten by PNC Capital Markets, LLC.

Structure: Bondholders will be solely secured by The Northern Trust Company’s Direct Pay Letter of Credit. The Northern Trust Company’s long-term ratings are (Aa3/AA-/AA- and short term ratings are (P-1/A-1+/F1+) from Moody’s/S&P/Fitch. The Northern Trust Company will be secured by a General Obligation of Steppenwolf Theatre Company.

Interest Rate: Variable Rate (Weekly or Daily Modes will be available)

Underlying Debt Rating: The Borrower is not currently a rated entity (and does not contemplate applying for a stand-alone rating in connection with this financing).

Final Maturity: March 1, 2043

Estimated Closing Date: February or March 2013

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#### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Steppenwolf Theatre Company** (the “**Company**” or the “**Borrower**”) to provide the funds necessary to (a) refund the outstanding \$6,100,000 aggregate principal amount of the Illinois Development Finance Authority Revenue Bonds (Steppenwolf Theatre Company Project) Series 1998 (the “**1998 Bonds**”) initially issued for the purpose of (i) financing the costs of the acquisition, construction and renovation of real property owned and operated by the Borrower located at 758 West North Avenue, Chicago, Illinois, and (ii) financing the costs of the acquisition, construction and renovation of the studio theatre located within the Borrower’s Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (b) refinance certain of the Borrower’s taxable debt incurred for the purpose of acquiring the real property located at 1700 North Halsted, Chicago, Illinois (the “**Development**”), (c) refund a taxable loan made to the Borrower incurred for the purpose of financing certain fees and expenditures related to the acquisition of a chiller located at and relating to the Borrower’s Main Theatre Building located at 1650 North Halsted Street, Chicago, Illinois, (d) finance costs of acquisition, construction and renovation of the real property owned and operated by the Borrower located at 1700 North Halsted Street, Chicago, Illinois, (e) fund certain reserves pertaining to the Bonds, and (f) pay costs of issuance of the 2013 Bonds.

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#### BUSINESS SUMMARY

Background: **Steppenwolf Theatre Company** (“**Steppenwolf**”, the “**Theatre**”, or the “**Company**”) is a 501(c)(3) organization founded in 1976. A list of the Theatre’s current Board of Trustees is presented on pp. 6-7 of this report.

Martha Lavey, long-time ensemble member, has been artistic director since 1995 and David Hawkanson has been executive director since 2003.

Description: Founded in 1976, Steppenwolf Theatre Company is where great acting meets big ideas. Management’s passion is to tell stories about how the world lives now. Steppenwolf’s mission is to engage audiences in an exchange of ideas to induce the audience think harder, laugh longer, and experience more emotions. The Company was formed in 1976 by a collective of actors and is dedicated to an ethic of mutual respect and the development of artists through ongoing group work. The Company has grown into an internationally renowned ensemble of forty-three artists who represent a remarkable generation of actors, directors and playwrights.

Steppenwolf's major programming initiatives include:

1. Steppenwolf's year-round *Subscription Series* of five plays consisting of commissioned works and new adaptations, as well as revivals of major American plays and the classics.
2. *Steppenwolf for Young Adults*, a comprehensive play production and education program that provides access to the theater for more than 15,000 young adults, ages 12-19, teachers and families through four integrated components: Steppenwolf for Young Adults Productions, plays created specifically for young adult audiences; the Residency School Program, providing classroom residencies focused on enhancing the play-going experience; Educator Workshops, professional development for Chicago primary and secondary school teachers to help integrate the arts into instruction; and the Young Adult Council, an immersive afterschool program for high school students learning about the art and business of theater, while they shape and promote programming for their peers.
3. The annual *First Look Repertory of New Work*, an outgrowth of the theaters commissioning and play development program that showcases three new plays by emerging playwrights, accompanied by programming to educate audiences about the artistic process (First Look 101).
4. *The Garage Rep*, presenting three young Chicago theaters collaborating in a unique rotating repertory over three months.
5. *The New Directors/New Designers* showcase of original productions created by 3 early career directors who are pursuing Masters of Fine Arts degrees at Northwestern University.
6. *National and International Productions* that carry the Steppenwolf name to theaters across the country and abroad.
7. *The School at Steppenwolf* which annually trains more than 2 dozen working actors in ensemble principles and practices
8. *The Professional Leadership Program* provides mentorship and professional development for nearly 40 early-career arts administrators through summer internships, nine-month apprenticeships and the Multicultural Fellowship.

Rooted in the original vision of its founders, Steppenwolf remains an artist-driven theatre, whose vitality is defined by its sharp appetite for ambitious, compelling work. Steppenwolf is dedicated to advancing theater arts through programming that features its multi-generational and culturally diverse ensemble of 43 artists. Its innovative programming and year-round operations provide access to the theater for nearly 200,000, mostly residing in the Chicago area and four neighboring Midwest states. It presents up to 15 full-scale productions and more than 600 performances, readings and other events on its three stages each season. Focused on creating a setting for multigenerational conversations, its audiences range in age from 12 to 65 and older.

Rationale: The renovation of the 1700 N. Halsted building (formerly a furniture store) will enhance Steppenwolf's mission by providing space for audience and artists to mingle and engage in discussions about the plays and programs provided by the non-profit, including our Steppenwolf for Young Adults program. The facility will include expanded lobby space to serve the nearly 200,000 people who visit Steppenwolf each year. There will be a multi-purpose room which will feature audience discussions and engagement activities as well as serve as a meeting space and low production quality performance venue.

The second floor of 1700 N Halsted will house administrative offices, providing an updated and professional work environment for the full and part-time staff working at Steppenwolf. Having the offices located in the same building as the programming will allow the staff the ability to more readily see the impact of their work on the people who make Steppenwolf their artistic and theatre home. In addition, the vacated offices in 758 West North Avenue can be made available to community organizations for meeting space.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Steppenwolf Theatre Company, 758 West North Avenue, 4<sup>th</sup> Floor, Chicago, IL 60610  
Website: www.steppenwolf.org/  
Contact: Mr. David Schmitz, Managing Director, (T) 312/654-5616;  
(F): 312/335-0808; email: dschmitz@steppenwolf.org  
Project Name: Steppenwolf Theatre Company Series 2013 Bonds  
Location: Chicago, IL 60610  
Organization: Illinois 501(c)(3) organization  
Board Membership: *See list of Board of Trustees on pp. 6-7*

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Borrower's Consultant:	Starshak Winzenburg & Co.	Chicago, IL	Joseph P. Starshak, Tom Starshak
Auditor:	Plante & Moran, PLLC	Chicago, IL	
Bond Counsel:	Quarles & Brady, LLP	Chicago, IL	Scott Bremer, Kevin Slaughter
LOC Bank (Credit Enhancement):	The Northern Trust Company	Chicago, IL	Bonnie Althoff
Bank Counsel:	SNR Denton	Chicago, IL	Mary G. Wilson
Underwriter & Remarketing Agent:	PNC Capital Markets LLC	Cleveland, OH	Mary Grace Pattison
Trustee:	Bank of New York Trust Company	Chicago, IL	Joan E. Blume
Underwriter's Counsel:	Sanchez Daniels & Hoffman, LLP	Chicago, IL	Manny Sanchez, John D. Cummins
Architect:	Adrian Smith + Gordon Gill Architecture	Chicago, IL	Laura Jiminez
General Contractor:	Norcon, Inc.		
Issuer's Counsel:	Reyes Kerson LLP	Chicago, IL	Victor Reyes, Ray McGaugh
IFA Advisors:	Public Financial Management, Inc.	Chicago, IL	Shannon Williams

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**LEGISLATIVE DISTRICTS**

Congressional: 7  
State Senate: 5  
State House: 9

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## BOARD OF TRUSTEES – STEPPENWOLF THEATRE COMPANY

### EXECUTIVE COMMITTEE

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Chicago Metropolis 2020

#### Secretary

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**Michael W. Bender** Co-leader,  
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Practice  
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**Donna La Pietra** Executive  
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Kurtis  
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**Martha Lavey** Artistic Director  
Steppenwolf  
Theatre  
Company

**Ronald J. Mallicoat,  
Jr.** President  
Personal  
Financial  
Services Illinois  
The Northern  
Trust Company

**Janet Melk**

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Officer  
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President

**Michael R. Salem** Managing  
Partner  
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**John R. Samolis** Senior Vice  
President of  
Human  
Resources  
Exelon  
Corporation

**Manuel "Manny"  
Sanchez** Founder and  
Managing  
Partner  
Sanchez Daniels  
& Hoffman LLP

**Anna D. Shapiro** Ensemble Member  
Steppenwolf Theatre  
Company

**Colette Cachey  
Smithburg** Real Estate Broker  
Coldwell Banker

**John R. Walter** Chairman of the  
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Deloitte

**Gloria Scoby** Group Publisher  
Crain  
Communications

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Steppenwolf Theatre  
Company

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Ladies Professional  
Golf Association

**Lynette Harrison  
Brubaker** Former Publisher  
*InStyle* Magazine

**Michael J.  
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Scheckner** President and Chief  
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**Gary Sinise** Co-Founder  
Steppenwolf Theatre  
Company