



June 11, 2013

**\$20,000,000
Concordia University**

REQUEST	<p>Purpose: Concordia University (“Concordia”, the “University” or the “Borrower”) will apply the proceeds from the sale of the Series 2013 Bond and other available funds, including the proceeds of certain taxable indebtedness to be incurred by the University, to (i) the refunding of the outstanding IFA Adjustable Rate Demand Revenue Bonds, Series 2009 (Concordia University Project) and (ii) the payment of certain costs relating to the issuance of the Series 2013 Bond (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Refunding Bonds</p> <p>Extraordinary Conditions: None</p>																
BOARD ACTIONS	<p>Final Bond Resolution Preliminary Bond Resolution approved 4/9/2013 Yeas: 8; Nays: 0; Abstentions: 0; Absent 6 (Barclay, Gold, Leonard, Pedersen, Poole, Tessler; Vacancy: 1</p>																
MATERIAL CHANGES	<p>The Borrower will issue tax-exempt bonds through IFA while also undertaking a taxable term loan to fully refund the IFA Series 2009 Bonds.</p>																
JOB DATA	<table border="0"> <tr> <td>631</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	631	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected								
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BORROWER DESCRIPTION	<ul style="list-style-type: none"> • Type of entity: Private University • Location: River Forest/ Cook County/ Northeast Region • When it was established: Concordia University was founded in 1864 in Addison, Illinois as a private teachers college (originally, the Addison Lutheran Teachers Seminary). The University relocated to River Forest in 1913. • Concordia University is an Illinois not for profit corporation, and is a private liberal arts educational institution located in River Forest, Illinois, and operates under the auspices of The Lutheran Church-Missouri Synod (the “Synod”), a Missouri not for profit corporation headquartered in St. Louis, Missouri and has a 501(c)(3) Determination Letter from the Internal Revenue Service. The University is one of ten colleges and universities that are part of the Missouri Synod’s nationwide system. • Concordia’s mission is to equip its students to serve and lead with integrity, creativity, competence, and compassion in a diverse, interconnected, and increasingly urbanized world. • The refunding of the Series 2009 Bonds will enable the University to convert from a Bank Letter of Credit structure to a Bank Direct Purchase structure contemporaneously with a taxable term loan. 																
CREDIT INDICATORS	<ul style="list-style-type: none"> • Concordia will simultaneously fund two credit extensions in connection with fully refunding the outstanding IFA Series 2009 Bonds by (i) issuing IFA Series 2013 Bonds in an approximate amount of up to \$20 MM and (ii) executing a term loan with The Lutheran Church Extension Fund (or “LECF”, which also operates under the auspices of the Missouri Synod) in an approximate amount of \$12.5 MM. • The IFA Series 2013 Bonds will be purchased directly by FirstMerit Bank. • The University is a non-rated entity. Given the anticipated Bank Direct Purchase structure for the IFA Series 2013 Bonds, the Borrower does not contemplate applying for a debt rating from a rating agency. 																
PROPOSED STRUCTURE	<p>Bonds will be purchased directly by FirstMerit Bank at an interest rate to be determined.</p> <p>Maturity: 2039 (existing principal amortization schedule of IFA Series 2009 Bonds will be maintained)</p>																
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Refunding Bonds</td> <td>\$17,000,000</td> <td>Refunding Escrow</td> <td>\$29,100,000</td> </tr> <tr> <td>Synod/LCEF Term Loan</td> <td><u>12,500,000</u></td> <td>Costs of Issuance:</td> <td><u>400,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$29,500,000</u></td> <td>Total</td> <td><u>\$29,500,000</u></td> </tr> </table>	Sources:		Uses:		IFA Refunding Bonds	\$17,000,000	Refunding Escrow	\$29,100,000	Synod/LCEF Term Loan	<u>12,500,000</u>	Costs of Issuance:	<u>400,000</u>	Total	<u>\$29,500,000</u>	Total	<u>\$29,500,000</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 11, 2013**

Project: Concordia University

STATISTICS

Project Number: E-PC-TE-CD-8617	Amount: \$20,000,000 (not to exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: River Forest	County/Region: Cook/Northeast

BOARD ACTION

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

VOTING RECORD

Preliminary Bond Resolution approved 4/9/2013
Yeas: 8; Nays: 0; Abstentions: 0; Absent 6 (Barclay, Gold, Leonard, Pedersen, Poole, Tessler); Vacancy: 1

PURPOSE

Concordia University (the “University” or the “Borrower”) will apply the proceeds from the sale of the Series 2013 Bond and other available funds, including the proceeds of certain taxable indebtedness to be incurred by the University, to (i) the refunding of the outstanding IFA Adjustable Rate Demand Revenue Bonds, Series 2009 (Concordia University Project) and (ii) the payment of certain costs relating to the issuance of the Series 2013 Bond (collectively, the “Financing Purposes”).

IFA PROGRAM AND CONTRIBUTION

IFA will convey federal tax-exempt status on interest paid to investors on the Bonds, thereby resulting in a lower interest rate that will be passed through to the Borrower.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 631 FT (+ 757 PT and temporary)	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Refunding Bonds	\$17,000,000	Refunding Escrow	\$29,100,000
Synod/LCEF Term Loan	<u>12,500,000</u>	Costs of Issuance	<u>500,000</u>
Total:	<u>\$29,500,000</u>	Total:	<u>\$29,500,000</u>

FINANCING SUMMARY/STRUCTURE

Security:	FirstMerit Bank (the “ Bank ”) will purchase the Bond directly and will be secured by a general obligation of the University in connection with the IFA Series 2013 Bonds. As contemplated, the Bank will not be secured by a mortgage or security interest on any of the University’s assets, properties or funds.
Structure:	Concordia will undertake a simultaneous funding of two credit extensions in connection with fully refunding the outstanding IFA Series 2009 Bonds by (i) issuing IFA Series 2013 Bonds in an approximate amount of \$20MM and (ii) executing a term loan with <i>The Lutheran Church Extension Fund</i> (the “ LCEF ”) in an approximate amount of \$12.5MM. The IFA Series 2013 Bonds will be purchased directly by FirstMerit Bank.
Interest Rate Mode:	To be determined – The Bank has offered both fixed and floating rate options which will be selected by the Borrower prior to closing.
Final Maturity Date:	2039 (same final maturity date as IFA Series 2009 Bonds)
Rating:	Not applicable since the Bonds will be purchased directly by a commercial bank (i.e., FirstMerit Bank) that will serve as the University’s secured lender (as well as Bond Investor).
Estimated Closing Date:	June or July 2013
Project Rationale:	The refinancing of the IFA Series 2009 Bonds will (i) eliminate Bank Letter of Credit (“ LOC ”) renewal risk and (ii) eliminate LOC re-pricing risk.

PROJECT SUMMARY

Concordia University (the “**University**” or the “**Borrower**”) will apply the proceeds from the sale of the Series 2013 Bond and other available funds, including the proceeds of certain taxable indebtedness to be incurred by the University, to (i) the refunding of the outstanding IFA Adjustable Rate Demand Revenue Bonds, Series 2009 (Concordia University Project) and (ii) the payment of certain costs relating to the issuance of the Series 2013 Bond (collectively, the “**Financing Purposes**”).

Proceeds of the Series 2009 Bonds were used to finance various campus improvements at the University’s main campus located at 7400 W. Augusta Street, River Forest, Illinois 60305 and to refinance the outstanding balance of the University’s IEFA Series 2001 Bonds.

BUSINESS SUMMARY

Background: Concordia University (“**Concordia**”, the “**University**”, or the “**Borrower**”) was originally incorporated under Illinois law as a not-for-profit corporation in 1915 (as “**Concordia Teachers College**”) and is also an organization described in Section 501(c)(3) of the Internal Revenue Service by virtue of a group ruling issued by the Internal Revenue Service to **The Lutheran Church-Missouri Synod** (the “**Synod**”). (*Since 2006, the University has also done business as “Concordia University Chicago”.*)

Discussion: Concordia University was established in 1864 in Addison, Illinois as the Addison Lutheran Teachers Seminary and relocated to River Forest in 1913. The University is a private co-educational institution focusing on teacher education and the liberal arts. Concordia's mission is to equip its students to serve and lead with integrity, creativity, competence, and compassion in a diverse, interconnected, and increasingly urbanized world.

The University is located on an approximately 40-acre campus approximately 10 miles west of the Chicago Loop.

Accreditations:

1. Higher Learning Commission, Member, North Central Association
2. National Council for Accreditation of Teacher Education
3. Council for Accreditation of Counseling and Related Educational Programs, and
4. National Association of Schools of Music.

Students can obtain Bachelor's degrees in many liberal arts disciplines, and Masters and Ph.D. Degrees in Education and Teacher Leadership. The undergraduate student-to-faculty ratio is 17:1 with an average class size of 20. Enrollment for the 2012-2013 academic year as of the Fall 2012 Semester was 5,454, comprised of 1,515 (1,156 in 2009) undergraduate and 3,939 (3,054 in 2009) graduate students (compared to a total of 4,210 students in 2009-2010).

According to the University's website, 100% of full-time undergraduate students receive some type of financial assistance based on need, merit, background, and/or academic program. In 2012-2013, the University awarded \$15.5 million in institutional merit, scholarships, and grant awards to students.

The University's 2012-2013 undergraduate student body represents 20 states and 12 countries. Approximately 68.0% of freshmen live on campus in one of the six residence halls.

The University's Board of Regents consists of 17 members, five of whom are elected by the Synod. A list of Board members can be found on Page 5 of this report.

The Synod: Five not-for-profit corporate and trust entities operate under the auspices of the Synod including:

1. Lutheran Church Extension Fund ("LCEF")
2. Concordia Publishing House ("CPH")
3. The Lutheran Church-Missouri Synod Foundation ("LCMS")
4. Concordia Plan Services ("CPS"), and
5. Concordia Historical Institute ("CHI").

The Synod has established several Program and Service Boards to guide and carry out the programmatic activities of the Synod. One of these Boards, **The Board for University Education**, broadly oversees the activities of ten colleges and universities, including Concordia University. Concordia University System, a not for profit corporate entity operating under the auspices of the Synod, carries out the activities and policies of the Synod as it applies to the Synod's higher education institutions. Thirty-five Synod Districts operate across the United States. The University is located in the Synod's Northeast District.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant	Concordia University
Project:	Series 2013 Bonds
Project Location:	7400 Augusta Street, River Forest (Cook County), Illinois 60305
Contact:	Mr. Tom Hallett, CFO; (T): 708-209-3350; Email: (tom.hallett@cuchicago.edu)
Ownership:	Illinois 501(c)(3) not-for-profit corporation
Board of Regents:	Please see attached listing below (page 5).

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Spencer Fane Britt & Browne	St. Louis, MO	Ed Holderle
Borrower's Advisor:	Mickeni LLC	Chicago, IL	Ken Kerznar
Auditor:	Grant Thornton LLP	Chicago, IL	Tom Brean
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy A. Burke
Bank/Bond Purchaser:	FirstMerit Bank	Orland Park, IL	Steven Villate,
		Cleveland, OH	Dwight Clark
Bank Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Mary Ann Murray
Series 2009 Bond Trustee:	Bank of New York	Chicago, IL	Michael Countryman
Issuer's Counsel:	Peck Shaffer LLP	Chicago, IL	Tom Smith
IFA Advisor:	Public Financial Management, Inc.	Chicago, IL	Shannon Williams

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	4
State House:	7

CONCORDIA UNIVERSITY'S BOARD OF REGENTS: 2012-2013

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Mr. Jeffrey Blackman
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Dr. Nancy A. Lass