

August 13, 2015

**\$75,000,000 (not-to-exceed)  
Columbia College Chicago**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Columbia College Chicago</b>, an Illinois not-for-profit corporation (the “<b>Corporation</b>”), in order to assist the Corporation in providing all or some of the funds necessary to do any or all of the following: (i) refunding all of the outstanding principal amount of the Illinois Educational Facilities Authority Revenue Bonds, Columbia College Chicago, Series 2003, issued in the original aggregate principal amount of \$23,015,000 (the “<b>Series 2003 Bonds</b>”), (ii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Columbia College Chicago, Series 2007, issued in the original aggregate principal amount of \$48,295,000 (the “<b>Series 2007 Bonds</b>”), (iii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Refunding Bonds, Columbia College Chicago, Series 2011, issued in the original aggregate principal amount of \$12,950,000 (the “<b>Series 2011 Bonds</b>,” and, together with the Series 2003 Bonds and the Series 2007 Bonds, the “<b>Prior Bonds</b>”), (iv) funding a debt service reserve fund, if deemed necessary or advisable by the Corporation or the Authority, and (v) paying certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Prior Bonds, including the costs of a bond insurance policy or a surety bond if deemed necessary or advisable by the Corporation (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																	
<b>BOARD ACTION</b>	Final Bond Resolution ( <i>One-time Consideration</i> )																	
<b>MATERIAL CHANGES</b>	None. This is the first time this financing has been presented to the Board of Directors.																	
<b>JOB DATA</b>	3,049	Current jobs	N/A	New jobs projected														
	N/A	Retained jobs	N/A	Construction jobs projected														
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Chicago / Cook County / Northeast</li> <li>• Type of entity: Columbia College Chicago is an Illinois not-for-profit corporation.</li> <li>• Columbia College Chicago was originally established in 1890 as a college of education and became fully accredited as a four-year, undergraduate, liberal arts school in 1974.</li> <li>• Columbia College Chicago offers more than 120 academic majors and programs and is the largest and most diverse private, nonprofit arts and media college in the nation with over 10,000 undergraduate students.</li> <li>• Columbia’s student body represents all 50 states and 41 foreign nations.</li> </ul>																	
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The plan of finance contemplates the refunding bonds to be sold in one or more series. Fixed Rate Bonds will be sold based on the College’s underlying long-term debt rating, provided, however, that if the College attains a municipal bond insurance policy at the time of delivery of the Bonds, the Bonds will be sold based on the insurer’s rating as well as the College’s underlying rating.</li> <li>• Columbia College Chicago is currently rated BBB+ (S&amp;P; Negative outlook assigned as of 1/16/2015). Additionally, Columbia College Chicago is applying for a rating in connection with this refunding.</li> <li>• Loop Capital Markets LLC. (the “<b>Senior Manager</b>”) and BMO Capital Markets (the “<b>Co-Manager</b>”) have been engaged by the College to underwrite the transaction. The final sizing on this transaction and any split between tax-exempt and conventional financing will be decided after tax due diligence has been completed.</li> </ul>																	
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The bonds will be a general corporate obligation issued under a new Master Trust Indenture, secured by a gross revenue pledge of the College along with a mortgage or security interest in certain real estate assets of the College.</li> </ul>																	
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• 2045 (not-to-exceed 30 years)</li> </ul>																	
<b>INTEREST RATE</b>	<ul style="list-style-type: none"> <li>• Both sizing and interest rates (tax-exempt and taxable) to be determined based on evaluation of market conditions by the College and its financing team at pricing. <i>The amounts represented in this report represent not-to-exceed parameters.</i></li> </ul>																	
<b>SOURCES AND USES ESTIMATED</b>	<p><b>Sources:</b></p> <table border="0"> <tr> <td>Series 2015 Bonds</td> <td>\$63,114,438</td> </tr> <tr> <td>Prior Debt Service Reserve Funds</td> <td>6,140,562</td> </tr> <tr> <td>Equity</td> <td><u>745,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$70,000,000</u></b></td> </tr> </table>		Series 2015 Bonds	\$63,114,438	Prior Debt Service Reserve Funds	6,140,562	Equity	<u>745,000</u>	<b>Total</b>	<b><u>\$70,000,000</u></b>	<p><b>Uses:</b></p> <table border="0"> <tr> <td>Refunding Escrow</td> <td>\$69,255,000</td> </tr> <tr> <td>Costs of Issuance</td> <td><u>745,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$70,000,000</u></b></td> </tr> </table>		Refunding Escrow	\$69,255,000	Costs of Issuance	<u>745,000</u>	<b>Total</b>	<b><u>\$70,000,000</u></b>
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<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																	

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 August 13, 2015**

**Project: Columbia College Chicago**

**STATISTICS**

Project Number: 12299	Amount: \$75,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: Chicago	County/Region: Cook County/Northeast

**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

**VOTING RECORD**

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

**PURPOSE**

**Purpose:** Bond proceeds will be loaned to **Columbia College Chicago**, an Illinois not-for-profit corporation (the "**Corporation**"), in order to assist the Corporation in providing all or some of the funds necessary to do any or all of the following: (i) refunding all of the outstanding principal amount of the Illinois Educational Facilities Authority Revenue Bonds, Columbia College Chicago, Series 2003, issued in the original aggregate principal amount of \$23,015,000 (the "**Series 2003 Bonds**"), (ii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Columbia College Chicago, Series 2007, issued in the original aggregate principal amount of \$48,295,000 (the "**Series 2007 Bonds**"), (iii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Refunding Bonds, Columbia College Chicago, Series 2011, issued in the original aggregate principal amount of \$12,950,000 (the "**Series 2011 Bonds**," and, together with the Series 2003 Bonds and the Series 2007 Bonds, the "**Prior Bonds**"), (iv) funding a debt service reserve fund, if deemed necessary or advisable by the Corporation or the Authority, and (v) paying certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Prior Bonds, including the costs of a bond insurance policy or a surety bond if deemed necessary or advisable by the Corporation (collectively, 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 Bonds paid to bondholders, thereby reducing the Borrower's interest expense.

**VOLUME CAP**

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

**JOBS**

Current employment: 3,049	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: N/A

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
Series 2015 Bonds	\$63,114,438	Refunding Escrow	
Prior Debt Service Reserve Funds	6,140,562	Costs of Issuance	\$69,255,000
Equity	<u>745,000</u>		<u>745,000</u>
<b>Total</b>	<b><u>\$70,000,000</u></b>	<b>Total</b>	<b><u>\$70,000,000</u></b>

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## FINANCING SUMMARY

- Security:** The fixed rate bonds will be a general corporate obligation, secured by a gross revenue pledge of the College along with a mortgage or security interest in certain real estate assets of the College.
- Structure:** The plan of finance contemplates the public issuance of an amount not-to-exceed \$65 million of tax-exempt and taxable debt to be issued in one or more series. Fixed Rate Bonds will be sold based on the College's underlying long-term debt rating of BBB+ (S&P), provided, however, that if the College attains a municipal bond insurance policy at the time of delivery of the Bonds, the Bonds will be sold based on the insurer's rating as well as the College's underlying rating.
- Loop Capital Markets LLC and BMO Capital Markets have been engaged by the Borrower to underwrite the transaction.
- Underlying Rating:** Columbia College Chicago is currently rated BBB+ (S&P; Negative outlook assigned as of 1/16/2015). Additionally, Columbia College Chicago is applying for a rating in connection with this refunding.
- Bond Insurance Rating:** To be determined, if necessary or desirable by the College.
- Interest Rate:** The College and their financing team will determine the mix of serial and term bonds (i.e., Fixed Rate Bonds) after evaluating market conditions and prospective transaction sizing in advance of pricing.
- Maturity:** No later than 2045 (i.e., 30 years from issuance date)
- Closing Date:** September 2015
- Rationale:** The proposed tax-exempt and taxable refunding will reduce monthly interest payments that (together with other funds available to the Borrower) will assist in helping the College keep fixed charges (including debt service payments) as low as possible. Additionally, the refunding bonds will be issued under a new Master Trust Indenture that streamlines the College's covenants and releases certain mortgages in connection with certain real estate assets of the College.

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## PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

**Purpose:** Columbia College Chicago, an Illinois not-for-profit corporation (the "**Corporation**"), has requested that the Authority issue not to exceed \$75,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Refunding Bonds, Columbia College Chicago, Series 2015 (the "**Series 2015 Bonds**"), and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing all or some of the funds necessary to do any or all of the following: (i) refunding all of the outstanding principal amount of the Illinois Educational Facilities Authority Revenue Bonds, Columbia College Chicago, Series 2003, issued in the original aggregate principal amount of \$23,015,000 (the "**Series 2003 Bonds**"), the proceeds of which were loaned to the Corporation to finance, refinance or reimburse certain of the costs of acquiring, constructing, renovating and equipping the educational facilities of the Corporation, (ii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Columbia College Chicago, Series 2007, issued in the original aggregate principal amount of \$48,295,000 (the "**Series 2007 Bonds**"), the proceeds of which were loaned to the Corporation to finance, refinance or reimburse certain of the costs of acquiring, constructing, renovating and equipping the educational facilities of the Corporation, (iii) refunding all of the outstanding principal amount of the Illinois Finance Authority Revenue Refunding Bonds, Columbia College Chicago, Series 2011, issued in the original aggregate principal amount of \$12,950,000 (the "**Series 2011 Bonds**," and, together with the Series 2003 Bonds and the Series 2007 Bonds, the "**Prior Bonds**"), the proceeds of which were loaned to the Corporation to refinance certain of the costs of acquiring, constructing, renovating and equipping the educational facilities of the Corporation, (iv) funding a debt service reserve fund, if deemed necessary or advisable by the Corporation or the Authority, and (v) paying certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Prior Bonds, including the costs of a bond insurance policy or a surety bond if deemed necessary or advisable by the Corporation, all as permitted by the Illinois Finance Authority Act (collectively, the "**Financing Purposes**").

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## BUSINESS SUMMARY

**Background:** **Columbia College Chicago** (also, “**Columbia**” or the “**Borrower**”) is incorporated under Illinois law and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

**Description:** Columbia College Chicago is private, not for profit, independent, fully accredited, unaffiliated undergraduate and graduate college located in downtown Chicago. Columbia was originally established in 1890 as a college of education and became fully accredited as a four-year, undergraduate, liberal arts school in 1974. Columbia offers educational opportunities in the performing, visual, communications, and writing arts at both the graduate and undergraduate levels, and is home to the one of the largest film schools in the world. Its primary location in the South Loop area of Chicago provides easy access to the Art Institute of Chicago, Adler Planetarium and Astronomy Museum, Field Museum, Chicago Symphony Orchestra and other notable cultural and educational institutions.

Founded in 1890 as the Columbia School of Oratory, Columbia has grown to become the fifth largest private higher education institution in Illinois. Columbia College’s enrollment of over 9,000 undergraduate students and approximately 400 graduate students is drawn primarily from the city of Chicago and its suburbs, but also attracts students from across the United States and from 41 foreign nations. Approximately one-third of Columbia’s student body is African American, Latino, Asian, Native American, Pacific Islander, or multi-racial, making Columbia’s student body among the most diverse of any private arts college. The student body is evenly divided between men and women.

Columbia College offers more than 120 academic majors and programs and is the largest private arts and media college in the nation. Columbia’s operations are located at 27 properties comprising more than 1.3 million SF that the Borrower owns and leases in Chicago’s South Loop. Columbia College has been located in the South Loop since 1975. Columbia College Chicago is currently the largest landowner in the South Loop.

Due to Chicago’s role as a key media center, Columbia College has developed a strong internship and part-time job placement program for its students and has developed relationships with nine independent film festivals, 200 theatre groups and venues, 35 radio stations, and 25 magazines and newspapers. These employment opportunities have been critical in attracting students to Columbia. The faculty consists of more than 1,400 practicing artists, scholars, and professionals.

According to management, Columbia College’s annual tuition of \$22,884 for academic 2014-2015 is less than the national average for private colleges in the U.S.

As a result of Columbia’s strategic initiatives over the last 15 years, enrollment has increased from approximately 7,300 in 1993 to over 10,000 for the Fall 2015 term. Columbia believes this growth has resulted from its focus on (i) small class size (to facilitate close interaction with a faculty of working professionals), (ii) abundant internship opportunities with major employers in the Chicago area, and (iii) outstanding physical facilities.

Columbia College has been accredited at the undergraduate and graduate levels by the North Central Association of Colleges and Schools since 1974. Columbia College Chicago is also accredited as a teacher training institution by the Illinois State Board of Education.

Columbia College currently has five IFA/IEFA bond issues outstanding. The total balance outstanding as of 7/31/2015 was approximately \$86,610,000 and included four series of Fixed Rate Bonds and one series of Variable Rate Bonds (IEFA Series 2000 - \$17,100,000 outstanding) secured by a Direct Pay Letter of Credit (BMO Harris Bank, N.A.) expiring 4/1/2016.

All bond payments on Columbia College’s existing IFA or IEFA debt obligations were current as of 8/1/2015.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Columbia College Chicago, 600 S. Michigan Ave., Chicago (Cook County), IL 60605

Contact: Michelle Gates, CFO/Vice President for Business Affairs: (T) 312-369-7215;  
Email: [mgates@colum.edu](mailto:mgates@colum.edu)

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

Site Location: Proceeds of the Series 2015 Bonds will refinance outstanding debt undertaken in connection with the College's campus at 600 S. Michigan Ave., Chicago (Cook County), IL 60605

Project name: IFA Revenue Refunding Bonds (Columbia College Chicago), Series 2015

Organization: Illinois not-for-profit established as a 501(c)(3) corporation under the Internal Revenue Code

Leased School Properties: Columbia College Chicago leases the following properties for either academic or residential use:

<b>Property</b>	<b>Use</b>	<b>Gross Area (SF)</b>	<b>Beds (Res'l Only)</b>	<b>Year Acquired</b>
1006 S. Michigan	Academic	17,500	NA	2002
2 E. 8 <sup>th</sup> St.*	Residential	NA	566	2012
626 S. Clark*	Residential	NA	763	2010

Additionally, while Columbia College Chicago's buildings throughout its campus are owned by the College, the real estate upon which these many of these buildings are located is leased by the College pursuant to certain long-term ground leases.

Board of Trustees: Columbia College Chicago is governed by a 35-member Board of Trustees.

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Chester T. Kamin, Vice Chair  
Sylvia Neil, Vice Chair  
Sharon Dalenberg, Secretary  
Barry Sabloff, Treasurer

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Madeleine Moore Burrell  
Lester Coney  
Luis De La Parra (BA '95)  
Susan V. Downing (P '99)  
Jeremy Daniel Efrogmson (MFA '98)  
Jane Gately  
John R. Gehron (P '95, P '09)  
Devin A. Gross  
Joan Hammel (BA '86, ex officio)  
John McClain Holmes  
Kwang-Wu Kim, President and CEO (ex officio)  
Jay Leib (BA '95)  
Averill Leviton  
Fred C. Lowinger

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Asha L. I. Spencer  
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Andreas Waldburg-Wolfegg  
Sona Wang  
Allison Grant Williams  
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Helena Chapellin Wilson (BA '76)  
Sydney Smith Gordon  
Samuel E. Pfeffer  
Victor Skrebneski

Honorary Trustees:  
Bill Kurtis  
Allen M. Turner

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**PROFESSIONAL & FINANCIAL**

Auditor:	KPMG LLP	Chicago, IL	
Borrower's Financial Advisor:	Public Financial Management, Inc.	Boston, MA	Jeremy Bass Colleen Maloney
Borrower's Counsel:	Dentons US LLP	Chicago, IL	Mary Wilson
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	Chris Walrath J. Travis Wimsett
Senior Manager:	Loop Capital Markets LLC	Chicago, IL	Clarence Bourne Jonathan Yu Ankit Bavishi
Co-Manager:	BMO Capital Markets	Chicago, IL	Alexandria Dunn Connie Zhai Joyce Miller Michael Gagnon Morris Huling
Underwriter's Counsel:	Quarles & Brady LLP	Chicago, IL	Alex (Jongtze) Lee Kevin Slaughter Scott Bremer
Rating Agency:	Standard & Poor's	Chicago, IL	Ashley Ramchandani
IFA Counsel:	Thompson Coburn LLP	Chicago, IL	Tom Smith
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional: 7  
State Senate: 3  
State House: 5