



August 13, 2015

\$22,000,000 (not-to-exceed)

Providence St. Mel School

REQUEST	<p>Purpose: Bonds will be issued in one or more series and proceeds will be used by Providence St. Mel School (“Providence St. Mel”, the “School” or the “Borrower”), to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (i) refund all of the outstanding \$9,800,000 Illinois Development Finance Authority Adjustable Rate Demand Revenue Bonds (Providence St. Mel School Project), Series 2002 (the Series 2002 Bonds); (ii) pay or reimburse the Borrower for the payment of the cost of acquiring, constructing, renovating, remodeling and equipping certain of its facilities, including without limitation the renovation of the Borrower’s school building through the construction of a new cafeteria, rehabilitation of classrooms and administrative and administrative offices, and HVAC improvements at its campus located at 119 S. Central Park Avenue, Chicago, IL 60624 (the “Project”); (iii) pay a portion of the interest of the interest on the Series 2015 Bonds, if applicable; (iv) establish a debt service reserve fund for the benefit of the Series 2015 Bonds if deemed necessary or desirable; and (v) pay costs of issuance in connection with the Series 2015 Bonds and the Series 2002 Bonds (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None</p>																								
BOARD ACTIONS	Final Bond Resolution (one-time consideration)																								
MATERIAL CHANGES	None – this is the first time this financing has been presented to the IFA Board of Directors.																								
JOB DATA	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">62</td> <td style="width: 15%; text-align: center;">Current</td> <td style="width: 15%; text-align: center;">N/A</td> <td style="width: 40%;">New jobs projected</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">jobs</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained</td> <td style="text-align: center;">40</td> <td>Construction jobs projected (4 months - estimated)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">jobs</td> <td></td> <td></td> </tr> </table>		62	Current	N/A	New jobs projected			jobs				N/A	Retained	40	Construction jobs projected (4 months - estimated)			jobs						
	62	Current	N/A	New jobs projected																					
		jobs																							
	N/A	Retained	40	Construction jobs projected (4 months - estimated)																					
		jobs																							
DESCRIPTION	<ul style="list-style-type: none"> • Location: Chicago (Cook County/Northeast Region) • Providence St. Mel School was formed through the merger of the former all-girls Providence High School and the all-boys St. Mel High School in 1969. The predecessor schools were affiliated with the Roman Catholic Church and the Archdiocese of Chicago. In 1978, Providence St. Mel incorporated as an independent school and has been 100% reliant on tuition revenues and donations to fund current operations and capital expenditures. The School is located on Chicago’s West Side in the East Garfield Park neighborhood. • Subsequent to incorporating as an independent school in 1978, the School has added P-8 education. In 2014-15, Providence St. Mel served approximately 196 high school students and 266 P-8 students. • Providence St. Mel has an impressive record of achievement as a college preparatory high school and has been recognized as one of the top college preparatory institutions nationally. In a 4/27/2015 press release posted on the School’s web site (www.psmnow.com), the School announced 100% of its high schools seniors had been admitted to “Tier 1” or Ivy League colleges and universities. For over 35 years, the School has placed 100% of its graduates at four-year colleges and universities. 																								
CREDIT INDICATORS	<ul style="list-style-type: none"> • Providence St. Mel School is a non-rated 501(c)(3) entity. The Bonds will be purchased by Fifth Third Bank, N.A., which will be the direct/lender investor on the proposed Bonds. 																								
PROPOSED STRUCTURE	<ul style="list-style-type: none"> • The Borrower has engaged William Blair & Company, LLC as financial advisor. • The proposed term on the IFA Series 2015 Refunding Bonds will remain 2037 (as with the IDFA Series 2002 Bonds to be refunded). The proposed term of the IFA Series 2015 Bonds (New Money) will be 2042 (37 years). • The IFA Series 2015 Bonds will be purchased directly by Fifth Third Commercial Funding, Inc. Fifth Third Bank will also be the School’s relationship bank on other credit facilities. The Bank expects all credit facilities, including the Series 2015 Bonds to be cross –collateralized and cross-defaulted. 																								
INTEREST RATE	<ul style="list-style-type: none"> • Estimated interest rates relating to the IFA Series 2015 Bonds could range from approximately 3.60% to 3.80 percent on the Series 2015 Refunding Bonds (scheduled to mature in 2037), while the estimated interest rate on the new money bonds (anticipated 27-year maturity) range between 3.75% and 4.10%. 																								
SOURCES AND USES (PRELIMINARY; SUBJECT TO CHANGE)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Sources:</td> <td style="width: 50%;">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;">\$11,200,000</td> </tr> <tr> <td>IFA Refunding Bonds</td> <td style="text-align: right;"><u>9,800,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Project Costs</td> </tr> <tr> <td></td> <td style="text-align: right;">\$10,900,000</td> </tr> <tr> <td></td> <td style="text-align: right;">Refunding Bonds</td> </tr> <tr> <td></td> <td style="text-align: right;">9,800,000</td> </tr> <tr> <td></td> <td style="text-align: right;">Costs of Issuance</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>300,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$ 21,000,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Total</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$21,000,000</u></td> </tr> </table>	Sources:	Uses:	IFA Bonds	\$11,200,000	IFA Refunding Bonds	<u>9,800,000</u>		Project Costs		\$10,900,000		Refunding Bonds		9,800,000		Costs of Issuance		<u>300,000</u>	Total	<u>\$ 21,000,000</u>		Total		<u>\$21,000,000</u>
Sources:	Uses:																								
IFA Bonds	\$11,200,000																								
IFA Refunding Bonds	<u>9,800,000</u>																								
	Project Costs																								
	\$10,900,000																								
	Refunding Bonds																								
	9,800,000																								
	Costs of Issuance																								
	<u>300,000</u>																								
Total	<u>\$ 21,000,000</u>																								
	Total																								
	<u>\$21,000,000</u>																								

RECOMMENDATION | Credit Review Committee recommends approval.

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

Project: Providence St. Mel School

STATISTICS

Project Number:	12296	Amount:	\$22,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton & Brad R. Fletcher
Location:	Chicago	Counties/ Region:	Cook County/Northeast

BOARD ACTION

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

VOTING RECORD

None. This will be the first time this matter will be considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **Providence St. Mel School** (the “**School**”) to (i) finance a series of capital improvement and rehabilitation projects including, but not limited to, the School’s HVAC system, electrical system (to facilitate the integration of technology in the classroom), cafeteria, plumbing system, asbestos abatement, communications system, and security system and other related improvements that will improve the learning environment as well as addressing general health and safety issues, (ii) refund the outstanding balance (approximately \$9,800,000) of its Illinois Development Finance Authority Series 2002 Revenue Bonds, and (iii) pay related bond issuance costs.

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 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.

SOURCES AND USES OF FUNDS (Preliminary; subject to change)

Sources:	IFA Bonds	\$11,200,000	Uses:	Project Costs	\$10,900,000
	IFA Refunding Bonds	<u>9,800,000</u>		Refunding Bonds	9,800,000
				Costs of Issuance	<u>300,000</u>
	Total	<u>\$21,000,000</u>		Total	<u>\$ 21,000,000</u>

JOBS

Current employment:	62	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	40 (4 months)

FINANCING SUMMARY

Security/
Ratings: Providence St. Mel School is a non-rated institution. The Bonds will be purchased directly by Fifth Third Bank, N.A., which will become the School's relationship lender on all credit facilities, including the IFA Series 2015 Bonds.

Structure: The Bonds will be purchased directly by Fifth Third Bank, N.A. for an initial term of 10 years

Interest Rate: The subject Bonds are expected to bear interest rates negotiated between the Borrower and Fifth Third Bank, N.A.

Underlying
Ratings: Providence St. Mel School is a non-rated entity. Fifth Third Commercial Funding, Inc. will purchase the Bonds directly (and on a non-rated, non-credit-enhanced basis).

Maturity: Final Maturity Dates:
(1) Series 2015 Refunding Bonds - 22 years (which will maintain the existing IDFA Series 2002 Bonds final maturity date in 2037).
(2) Series 2015 Bonds – 37 years (2042).

Anticipated
Closing Date: August, 2015

Rationale: The proposed financing will enable Providence St. Mel to (i) refinance the School's existing Series 2002 Bonds, and (ii) provide permanent take-out financing at a tax-exempt interest rate on a rehabilitation project. The proposed IFA Series 2015 Bonds will enable the School to refinance these improvements at the lowest possible interest rate. Savings attributable to the IFA Series 2015 Bonds will enable the School to provide its student body with additional educational services without increasing tuition revenues.

PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bonds will be issued in one or more series and proceeds will be used by **Providence St. Mel School** ("Providence St. Mel", the "School" or the "**Borrower**"), to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (i) refund all of the outstanding \$9,800,000 Illinois Development Finance Authority Adjustable Rate Demand Revenue Bonds (Providence St. Mel School Project), Series 2002 (the Series 2002 Bonds); (ii) pay or reimburse the Borrower for the payment of the cost of acquiring, constructing, renovating, remodeling and equipping certain of its facilities, including without limitation the renovation of the Borrower's school building through the construction of a new cafeteria, rehabilitation of classrooms and administrative and administrative offices, and HVAC improvements at its campus located at 119 S. Central Park Avenue, Chicago, IL 60624 (the "Project"); (iii) pay a portion of the interest of the interest on the Series 2015 Bonds, if applicable; (iv) establish a debt service reserve fund for the benefit of the Series 2015 Bonds if deemed necessary or desirable; and (v) pay costs of issuance in connection with the Series 2015 Bonds and the Series 2002 Bonds (collectively, the "Financing Purposes").

Preliminary estimated new money Project Costs include the following:

Rehabilitation/Construction Costs –	
Classrooms, Cafeteria, Offices:	\$10,300,000
Furniture, Fixtures & Equipment:	600,000
Total:	<u>\$10,900,000</u>

BUSINESS SUMMARY

Background: **Providence St. Mel School (“PSM” or the “School”)** was incorporated under its current ownership structure as an independent school in 1978 as a not-for-profit corporation established under Illinois law. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. PSM’s history dates to the late 1920s.

The School’s financial statements are consolidated with two affiliated entities: (1) Providence St. Mel Foundation (an Illinois trust established in 1993 to maintain scholarships and funds to support the School, and an entity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code), and (2) East Garfield Park Place Limited Partnership (the “Partnership”, an Illinois partnership established in 1994 that operates a low-income housing development in the East Garfield Park neighborhood of Chicago, which the school controls through its interest in the Partnership; certain of the Partnership’s income is subject to taxation as unrelated business income).

(See Economic Disclosure Statement on pages. 5-6 and the Board of Trustees listing on page 7.)

Description: Providence St. Mel is a private, college preparatory school, which serves students in pre-school through 12th grade. Located on the west side of the city of Chicago, Providence St. Mel’s campus is situated on Central Park Boulevard between Adams Street and Monroe Street. PSM’s history dates from the 1920s. PSM was created through the consolidation of two Catholic schools in 1969 - Providence High School (all girls) and St. Mel High School (all-boys). PSM is located at the former Providence High School facility.

Today, PSM is home to approximately 500 students who attend Providence St. Mel prepared to achieve their goals with a rigorous academic curriculum in a positive learning community.

Providence St. Mel School seeks to provide quality college-preparatory education to students in need and has had a very successful history of raising funds for the benefit of operating the school, enabling PSM to grow its important mission.

Tuition remains among the lowest of all independent schools in Chicago so that PSM can offer an exceptional college preparatory education to students who would otherwise not have the opportunity to attend. Approximately 35% of the cost to operate the school comes from tuition, while 65% comes from individual, corporate and foundation support.

For over 35 years, 100% of PSM graduates have been accepted to four-year colleges and universities. Since 2001, an average of 50% of graduates have been accepted to colleges and universities rated by *U.S. News and World Report* to be among “Tier One” institutions in the country. According to a website posting on the School’s web site as of 4/27/2015, for the first time in the history of Providence St. Mel, 100% of the graduating seniors were accepted to Tier One and Ivy League colleges and universities. Providence St. Mel graduates presently attend the following Tier One colleges and universities:

Bates College
Boston College
Brown University
Carleton College
Carnegie Mellon University
Case Western Reserve University
Lafayette College
New York University
Northwestern University
Pennsylvania State University
Princeton University
Rensselaer Polytechnic Institute

University of Chicago
University of Illinois at Urbana-Champaign
University of Miami
University of Notre Dame
University of Wisconsin – Madison
Vanderbilt University
Washington University in St. Louis
Wesleyan University

ECONOMIC DISCLOSURE STATEMENT

Applicant: Providence St. Mel School, 119 S. Central Park Ave., Chicago, IL 60624
Web site: www.psmnow.com
Contact: Ms. Jeanette DiBella, President and Principal; (T): 773-722-4600 (x1110)
E-mail: jmdibella@psmnow.com
Project Name: Providence St. Mel School, Series 2015 Revenue Bonds and Revenue Refunding Bonds
Location: 119 S. Central Park Ave., Chicago, IL 60624
Organization: Illinois 501(c)(3) organization
Board of Trustees: *For list of Board of Trustees, see page 6.*
Current Land Owners of Properties to be acquired: Providence St. Mel School presently owns the subject site in which all renovations will be undertaken.

PROFESSIONAL AND FINANCIAL

Borrower's Special Counsel: Mayer Brown LLP Chicago, IL David Narefsky
Financial Advisor: William Blair & Co., LLC Chicago, IL Alecks Granchalek
Auditor: Ostrow Reisin Berk & Abrams, Ltd. Chicago, IL
Bond Counsel: Locke Lord Chicago, IL Mark Huddle
Bank/Bond Purchaser: Fifth Third Bank Chicago, IL Lucy Czyz
Bank Counsel: Chapman and Cutler LLP Chicago, IL Carol Thompson
General Contractor:
Architect:
IFA Counsel: Kutak Rock LLP Chicago, IL Kevin Barney
IFA Financial Advisor: Sycamore Advisors LLC Chicago, IL Melanie Shaker

Professionals on Series 2002 Bonds:

Trustee: Bank of New York Mellon Chicago, IL
LOC Bank: JPMorgan Chase Bank Chicago, IL

LEGISLATIVE DISTRICTS

Congressional: 7
State Senate: 5
State House: 9

Providence St. Mel – Board of Trustees

Paul J. Adams III, Providence St. Mel School
Caroline W. Ballantine
Mary Jo Basler
Robert Blackwell, Jr., Electronic Knowledge Interchange
Angelina D. Brown, Ottawa Auto Spa
Richard M. Burrige, Sr., RMB Capital Management
John A. Canning, Jr., Madison Dearborn Partners
Debora de Hoyos, Mayer Brown, LLP
Thomas H. Dittmer*
Marcia E. Doane
Gary Elden, Grippo & Elden, LLC
Bryan Emrich, Old World Industries
Harve A. Ferrill
Dan Fietsam, Foote, Cone & Belding
Thomas J. Fitzgerald, Aon Risk Solutions
Gregory L. Guyett, JP Morgan
Michael E. Hora, Sr.
J. Thomas Hurvis, Old World Industries
Oscar D. Johnson, Jr., Associated Bank
Sylvia L. Jones, WLS-ABC 7
Judith Joy, Yes with Joy!
Michael L. Keiser, Bandon Dunes Golf Resort
Benjamin Kovler, Blum-Kovler Foundation
Todd Lippman, CBRE, Inc.
Maribel Mata Benedict, Katten Muchin Rosenman, LLP
Barry Mayo, Radio One, Inc.
Philip McKenna, Wells Fargo Insurance Services
Scott A. McKeon, ACE USA
Michael D. O'Halleran, Aon Benfield
Erik J. Pedersen, Pedersen & Houpt
J. David Pepper, Pepper Construction
Karen Pritzker, The Jay Pritzker Foundation
Gregory J. Pusinelli, William Blair & Company, LLC
Stacey Riddell
Michael J. Roberts, LYFE Kitchen
D'Rita Robinson, Chatty Guest
Andrew S. Rosenman, Mayer Brown, LLP
Robert J. Ryan, Interactive Metronome
Samuel C. Schuppe
Dona T. Scott
Denise M. Seminetta, Premier Asset Management, LLC
David L. Steinberg, Copy-Mor, Inc.
James W. Stevenson, Jr., Wiedner & McAuliffe, Ltd.
Wolfe J. Tone, Deloitte Tax Services