

October 8, 2015

\$26,000,000 (not-to-exceed)

Nazareth Academy

REQUEST	<p>Purpose: Bond proceeds will be loaned to Nazareth Academy, an Illinois not for profit corporation (the “Borrower”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower’s campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the “M Building” and “N Building”, the addition of athletic field lighting, and associated utility improvements (collectively, the “Project”), (ii) currently refund all or a portion of the Illinois Finance Authority’s outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the “Series 2006 Bonds”), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																								
BOARD ACTION	<p>Final Bond Resolution Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies.</p>																								
MATERIAL CHANGES	<p>Not-to-exceed par amount has increased by \$2.5MM; accordingly, Sources and Uses have been adjusted.</p>																								
JOB DATA	<table border="0"> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">2</td> <td style="text-align: center;">New jobs projected</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">200</td> <td style="text-align: center;">Construction jobs projected (30-36 months)</td> </tr> </table>	61	Current jobs	2	New jobs projected	N/A	Retained jobs	200	Construction jobs projected (30-36 months)																
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DESCRIPTION	<ul style="list-style-type: none"> ● Location: La Grange Park / Cook County / Northeast Region ● Type of entity: Nazareth Academy is an Illinois not-for-profit corporation. ● Nazareth Academy is a private, co-educational college preparatory school located in LaGrange Park, Illinois, serving approximately 760 students primarily drawn from the western suburbs of Chicago. ● The mission of Nazareth Academy is to prepare its students for college and mature adult Christian living. ● Originally founded as an all-girls school, Nazareth became a co-educational institution in 1977. Since then, many buildings and facilities have been added to the campus, including a gym and a football/soccer field. 																								
CREDIT INDICATORS	<ul style="list-style-type: none"> ● The IFA Bonds will be purchased directly by MB Financial Bank, N.A. (“MB”). The Borrower is a non-rated entity. ● MB will also be the Academy’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. 																								
SECURITY	<ul style="list-style-type: none"> ● The Bonds will be a general corporate obligation of the Borrower. MB is also requiring a negative pledge on unencumbered properties and improvements owned by the Borrower and/or any affiliate of the Borrower. 																								
MATURITY	<ul style="list-style-type: none"> ● Series 2015 Refunding Bonds – approximately 8 years (i.e., 6/30/2023) ● Series 2015 New Money Bonds – approximately 30 years (i.e., 6/30/2046) 																								
INTEREST RATE	<ul style="list-style-type: none"> ● The Bonds will bear a fixed or synthetically fixed interest rate that will be determined prior to closing and is currently estimated at between 3.15% and 3.50% (as of October 1, 2015). 																								
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>Series 2015 Bonds</td> <td style="text-align: right;"><u>\$25,200,000</u></td> <td>Project Costs</td> <td style="text-align: right;">\$13,000,000</td> </tr> <tr> <td></td> <td></td> <td>Series 2006 Refunding</td> <td style="text-align: right;">10,500,000</td> </tr> <tr> <td></td> <td></td> <td>Capitalized Interest</td> <td style="text-align: right;">1,460,000</td> </tr> <tr> <td></td> <td></td> <td>Legal & Professional</td> <td style="text-align: right;"><u>240,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$25,200,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$25,200,000</u></td> </tr> </table>	Sources:		Uses:		Series 2015 Bonds	<u>\$25,200,000</u>	Project Costs	\$13,000,000			Series 2006 Refunding	10,500,000			Capitalized Interest	1,460,000			Legal & Professional	<u>240,000</u>	Total	<u>\$25,200,000</u>	Total	<u>\$25,200,000</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																								

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 October 8, 2015**

Project: Nazareth Academy

STATISTICS

Project Number: 12297	Amount: \$26,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: La Grange Park	County/Region: Cook County/Northeast

BOARD ACTION

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

VOTING RECORD

Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies.

PURPOSE

Purpose: Bond proceeds will be loaned to **Nazareth Academy**, an Illinois not for profit corporation (the “**Borrower**”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower’s campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the “M Building” and “N Building”, the addition of athletic field lighting, and associated utility improvements (collectively, the “**Project**”), (ii) currently refund all or a portion of the Illinois Finance Authority’s outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the “**Series 2006 Bonds**”), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (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: 61	Projected new jobs: 2
Jobs retained: N/A	Construction jobs: 200 (30-36 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
Series 2015 Bonds	<u>\$25,200,000</u>	New Construction/Equipment	\$13,000,000
		Series 2006 Refunding	10,500,000
		Capitalized Interest	1,460,000
		Legal & Professional	<u>240,000</u>
Total	<u>\$25,200,000</u>	Total	<u>\$25,200,000</u>

FINANCING SUMMARY

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

Security: The Bonds will be purchased directly by MB Financial Bank, N.A., which will become the School's relationship lender on all credit facilities, including the IFA Series 2015 Bonds. The Bonds will be a general corporate obligation of the Borrower. MB is also requiring a negative pledge on the unencumbered properties and improvements owned by the Borrower and any affiliates of the Borrower.

Interest Rate: The Bonds will bear a fixed or synthetically fixed interest rate that is negotiated and established prior to closing, currently estimated at between 3.15% and 3.50% (as of September 1, 2015).

Underlying Ratings: Nazareth Academy is a non-rated entity. MB Financial Bank, N.A. will purchase the Bonds directly (and on a non-rated, non-credit-enhanced basis).

Maturity: Final Maturity Dates:
(1) Series 2015 Refunding Bonds – approximately 8 years (i.e., 6/30/2023)
(2) Series 2015 New Money Bonds – approximately 30 years (i.e., 6/30/2046)

Estimated Closing Date: October 2015

Rationale: The proposed tax-exempt financing will reduce monthly interest payments that (together with other funds available to the Borrower) will assist in helping Nazareth keep fixed charges (including debt service payments) as low as possible. As a result, reduced debt service payments will allow Nazareth to direct additional resources to the children and families it serves rather than overhead costs.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Purpose: Bond proceeds will be loaned to **Nazareth Academy**, an Illinois not for profit corporation (the "**Borrower**"), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower's campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the "M Building" and "N Building", the addition of athletic field lighting, and associated utility improvements (collectively, the "**Project**"), (ii) currently refund all or a portion of the Illinois Finance Authority's outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the "**Series 2006 Bonds**"), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (collectively, the "**Financing Purposes**").

Estimated Project costs consist of the following:

Phase 1 Construction	\$6,149,430
Phase 1 Equipment	1,546,651
Phase 1 Fire Protection/Plumbing/HVAC/Electrical	2,800,805
Phase 2 M Building Rehabilitation	2,135,114
Soft Costs (Arch./Eng./Legal)	368,000
Total:	<u>\$13,000,000</u>

BUSINESS SUMMARY

Description: **Nazareth Academy**, an Illinois not-for-profit corporation (“**Nazareth**” or the “**Academy**”) was established in 1900 by the Sisters of St. Joseph of La Grange and incorporated on July 30, 1996 as a separate entity 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.

Nazareth Academy is governed by a 16-member Board of Trustees (see p. 5), each appointed by the approval of the Sisters of St. Joseph of La Grange.

Background: Nazareth Academy continues to be supported by the Sisters of St. Joseph, whose motherhouse and ministry center are located adjacent to the Academy’s campus.

Nazareth Academy is a private, co-educational college preparatory school located in La Grange Park, Illinois, approximately 15 miles from downtown Chicago that currently serves more than 760 students primarily drawn from 55 communities and over 115 different grade schools throughout Chicago and its western suburbs. The mission of Nazareth Academy is to prepare its students for college and mature, adult, value-based living.

Originally founded as an all-girls school, Nazareth became a co-educational institution in 1977. Since then, the campus was further developed with the completion of the Rooney Student Center in 1984, the locker room/weight training facility in 1995 and the R.J. Sanders baseball field, John W. "Jack" Oremus library, Sister Ellen Springer Hall and the Petrak Pedestrian Bridge in 2003. A new west wing including a new main entrance, reception area and student walkway named the Wheeler West Wing was completed in the fall of 2005. Additionally, buildings were given new facades, windows were replaced in the K building, and heating and electrical systems were updated when the 2005-2006 school year began. The Academy also added a Legacy Garden named after the Sisters of St. Joseph.

Recently, Nazareth has been constructing a series of additions to the school in an effort to keep up with the growing number of students. Construction of a new multipurpose dining hall, servery, a new classroom and two new meeting areas was completed for the opening of the 2006-2007 school year. Groundbreaking for a new 400-seat Romano Family Auditorium was held on March 18, 2007 and was completed in the spring of 2008. An athletic field renovation took place during the summer of 2007 with the installation of state-of-the-art FieldTurf® artificial turf in Valenta Stadium. In 2012, a state of the art softball field was constructed (i.e., the John Michalek Softball Stadium). Overall, these facility improvements are aligned with the Academy’s wish to provide students with facilities commensurate with the exceptional academic, spiritual, athletic and co-curricular experience they merit.

The Academy currently employs approximately 39 full-time equivalent faculty members. The combined student-teacher ratio at the Academy is 19:1 with an average class size of 23 students. In addition to the senior administrative staff, the Academy currently employs approximately 23 full-time equivalent administrative and support staff. Nazareth’s enrollment history is presented below:

Nazareth Academy Enrollment History				
Academic Year				
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Total Enrollment	801	780	723	766*
* Estimated				

The Academy is located on a campus occupying approximately 14 acres located in La Grange Park, Illinois. The campus consists of a seven-building academic complex: containing an aggregate finished building area of approximately 126,300 square feet. The buildings feature masonry construction, are 2-4 stories tall, and range in age from 10 to 85 years. Their use is primarily academic and supplemented with facilities that include a library and office space, a gymnasium, and other athletic facilities.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Nazareth Academy, 1209 W. Ogden Ave, La Grange Park (Cook County), IL 60526

Contact: Mr. Dennis Moran, President: (T) 708-354-0061 x117;
email: dmoran@nazarethacademy.com

Website: <http://www.nazarethacademy.com>

Site Location: Proceeds of the Series 2015 Bonds will refinance outstanding debt and finance new construction undertaken in connection with the Academy's campus located at 1209 W. Ogden, La Grange Park (Cook County), IL 60526.

Project name: IFA Revenue and Revenue Refunding Bonds (Nazareth Academy), Series 2015

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

Lessor of School
Properties: The Sisters of St. Joseph own all of the land comprising the Academy's campus. Nazareth leases the campus from the Sisters of St. Joseph pursuant to a long-term lease. Annual rent is \$2.00. The lease will expire on June 30, 2017, with an option to renew every five years thereafter.

Board of Trustees: Nazareth Academy is governed by a Board of Trustees; each Trustee appointment is subject to approval by the Sisters of St. Joseph of La Grange.

Nazareth Academy Board of Trustees:

Theresa Denton
Robert Gray
Thomas Kelly
Dr. Christine Melone
Megan Ogden
Carol Pelino
Michael P. Rooney
Grace Sbrissa, CSJ
Deborah Tracy, *Principal*
Patrick Collins
Mark Doyle
Daniel Gustafson, *Chair*
Jean McGrath, CSJ
Dennis Moran, *President*
Roberto Paniagua
Marianne Race, CSJ
James J. Ryan
Kathy Sherman, CSJ

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Donatelli & Coules Ltd.	Hinsdale, IL	Peter Coules
Borrower's Financial Advisor:	William Blair & Company, LLC	Chicago, IL	John Peterson Mike McIntyre
Auditor:	BKD, LLP (formerly Wolf & Company LLP)	Oakbrook Terrace, IL	
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder Enzo Incandelo
Bank/Bond Purchaser:	MB Financial Bank, N.A.	Chicago, IL	Ken Holub Kati Cavoto
Bank Counsel:	McGuireWoods LLP	Chicago, IL	Kay McNabb
Paying Agent(if required):	Amalgamated Bank of Chicago	Chicago, IL	Phil Mendoza
General Contractor:	Walsh Construction	Chicago, IL	
IFA Counsel:	Taft Stettinius & Hollister LLP	Chicago, IL	Kimberly M. Copp
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	5
State Senate:	4
State House:	7
