



\$68,735,000 – FINAL ISSUANCE AMOUNT – CLOSED 04/13/16

PAB CONDUIT

\$85,000,000 (not-to-exceed amount)

March 10, 2016

DePaul University

REQUEST

Purpose: The proposed financing will enable **DePaul University** (the “**University**” or the “**Borrower**”) to issue one or more series of Revenue Bonds to (i) finance new facilities, including without limitation (a) the planning, design, acquisition, construction, furnishing and equipping of a new school of music building, and related infrastructure, landscaping, signage and other similar improvements and (b) the renovating, remodeling and equipping of various educational facilities owned by the University, and all necessary and attendant facilities, equipment, site work, zoning, entitlements and utilities related thereto at its Loop and Lincoln Park campuses (collectively, the “**Project**”), (ii) pay certain working capital expenditures, if deemed desirable by the University and (iii) pay certain costs relating to the issuance of the Bonds (the “**Financing Purposes**”).

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution (*One-time consideration*)

This is the first time this project has been considered by the IFA Board of Directors

MATERIAL CHANGES

None.

JOB DATA

3,737	Current jobs	*	New jobs projected (* new faculty and administrative jobs to be correlated with enrollment and student demand - according to the University)
N/A	Retained jobs	300+	Construction jobs projected (28 months)

DESCRIPTION

- Location: Chicago (Cook County/Northeast Region)
- DePaul’s original predecessor was founded in 1898 by the Congregation of the Mission and was known as St. Vincent’s College.
- The proposed Series 2016 Bonds will enable DePaul to finance a series of new projects including (i) the new School of Music building at the Lincoln Park campus, (ii) rehabilitation and improvements to the John T. Richardson Library at the Lincoln Park campus, and (iii) a series of capital improvement projects at the University’s Loop Campus.

CREDIT INDICATORS

• DePaul is currently rated “A2”/ “A”/“A” long-term by Moody’s/S&P/Fitch (most recently affirmed as of May 2015, April 2015, and April 2015, respectively). The University has applied for ratings in connection with this issue and on its outstanding debt and expects to be awarded ratings from all three rating agencies during the week of 3/7/2016.

PROPOSED STRUCTURE

- The Bonds will be underwritten by Goldman Sachs & Company (Senior Manager) and sold based on the direct, underlying ratings of DePaul University. RBC Capital Markets LLC and Samuel A. Ramirez & Co., Inc. will be Co-Managers. Maximum 30-year maturity featuring a 10-year call option (at Par) controlled by DePaul.
- Estimated interest rates range of 4.00% to 4.50% based on market conditions based on anticipated maturities as of 2/25/2016.

SOURCES AND USES
(*PRELIMINARY,
SUBJECT TO CHANGE)

Sources:		Uses:	
ESTIMATED			
IFA Bonds	\$80,000,000	Project Costs	\$112,895,000
Borrower Equity	<u>32,895,000</u>	**Costs of Issuance	-
Total	<u>\$112,895,000</u>	Total	<u>\$112,895,000</u>
		**Costs of Issuance to be paid with borrower funds (equity)	

RECOMMENDATION

Credit Review Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 10, 2016**

Project: DePaul University

STATISTICS

Project Number:	12320	Amount:	Not to exceed \$85,000,000
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

PURPOSE

Bond proceeds will be issued in one or more series and used to construct and renovate space that will (i) comprise a new music building (i.e., the School of Music) at DePaul University's Lincoln Park campus, (ii) finance Phase 3 and Phase 4 of the John T. Richardson Library Renovations project at DePaul's Lincoln Park campus, (iii) finance the renovation of existing space at DePaul's Daley Building on the Loop Campus, and (iv) additional renovations, including elevator replacement at 25 E. Jackson Blvd. and 14 E. Jackson Blvd. (both Loop Campus) and upgrades to the HVAC system at the DePaul Center at 1 E. Jackson Blvd. Additionally, although not contemplated in the Sources and Uses of Funds tables presented herein, bond proceeds may also be used to pay bond issuance costs if deemed necessary or desirable by the University.

IFA CONTRIBUTION AND PROGRAM

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.

VOTING RECORD

This is the first time this Project has been considered by the IFA Board of Directors.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Refunding Bonds	\$80,000,000	Uses:	Project Costs	\$112,895,000
	Equity	<u>32,895,000</u>		**Costs of Issuance	-
	Total	<u>\$112,895,000</u>		Total	<u>\$112,895,000</u>

**** Note:** The University will contribute its own funds to pay Costs of Issuance on the Series 2016 Bonds. No bond proceeds will be used to pay Costs of Issuance. A final estimate for Costs of Issuance will be provided in the Final Official Statement in connection with the Series 2016 Bonds.

JOBS

Current employment:	3,737	Projected new jobs:	*** (see Note below)
Jobs retained:	N/A	Construction jobs:	300+ (28 months)

*****Note:** The University reports the creation of new faculty, administrative, and staff positions will be dependent on student enrollment and the competitive value of DePaul's academic offerings.

FINANCING SUMMARY

Security/
Ratings:

The Bonds will be sold based on the direct, underlying rating of DePaul University. DePaul long-term debt is currently rated "A2"/"A-"/"A" long-term by Moody's/S&P/Fitch. The University's ratings were most recently affirmed in April 2015 by S&P and Fitch and in May 2015 by Moody's.

DePaul has applied for ratings from Moody's/S&P/Fitch on the Series 2016 and expects ratings to be awarded during the week of 3/7/2016.

Structure:

The Bonds will be underwritten by Goldman Sachs & Co. (Senior Manager) and sold on the basis of the University's long-term debt ratings.

Interest Rate:

Estimated all-in interest rates of between 4.00% and 4.50% based on current market rates and anticipated maturities.

Maturity:

The IFA Series 2016 Bonds are expected mature in not more than 30 years. The Bonds may be structured with a 10-year call option (at par) under DePaul's control.

Anticipated
Closing Date:

April 2016

Rationale:

Tax-Exempt bond financing will reduce interest expense associated with this debt, thereby enabling the University to provide more services and a higher quality of education with the same revenues. The construction and renovation project made possible by the IFA Series 2016 Bonds will allow the University to build upon current academic quality levels and maintain its current competitive standing.

BUSINESS SUMMARY

Background:

DePaul University is a 501(c)(3) organization incorporated under Illinois law. DePaul's original predecessor was founded in 1898 by the Congregation of the Mission and originally known as St. Vincent's College.

The University is governed by a two-tiered governance committee consisting of (1) *the Members of the Corporation*, a self-perpetuating body comprised of 12 individuals (of which at least two-thirds are representatives of the Congregation of the Mission (C.M.), the religious community that sponsors the University), and (2) *the Board of Trustees*.

The Members of the Corporation is to elect trustees to serve on the University's Board of Trustees.

The Board of Trustees oversees the functions of the University, and elects specific officers, including the president, provost, executive vice president, and secretary. The president appoints other officers. Currently, there are 41 Trustees of the University elected to serve staggered 3-year terms (40 to 45 trustees are required under the University's By-Laws). *A list of the University's current Board of Trustees is presented on page 7 of this report.*

Description:

The University's mission is to provide education in liberal and professional studies. DePaul has evolved into a major urban institution serving metropolitan Chicago. As of fall 2015, the University

remains the largest Catholic university in the nation and among the nation's largest private universities. In fall 2015, the University posted total enrollment of 23,539 students, including 15,961 undergraduate students and 7,578 graduate and professional students.

The University is comprised of four campuses, including two core campuses in Chicago, and satellite campuses in (1) Chicago (near O'Hare) and (2) Naperville.

DePaul's Lincoln Park and Loop Campuses in Chicago form the core of the University's academic and administrative activities. The Lincoln Park campus is a residential campus located on approximately 45 acres approximately 3 miles north of downtown Chicago. The Lincoln Park campus now consists of more than 47 buildings comprising approximately 3.0 million square feet used for academic instruction, residential housing, student services, and recreational purposes. The Loop Campus, located in the Chicago's downtown business district at the corner of S. State St. and E. Jackson Blvd., consists of 3 interconnected and 2 adjacent buildings of over 1.9 million SF and provides facilities for the College of Law, Graduate Programs, and undergraduate programs, and administrative functions.

The University also owns, and The Theatre School operates, the historic Merle Reskin Theatre located on E. Balbo Drive between S. Michigan Ave. and S. Wabash Ave.

In addition to its owned properties, the University leases 162,124 SF of space in the Loop that houses core administrative functions, and 30,801 SF elsewhere in Chicago for academic and operational functions.

DePaul's two satellite campus locations were established and have expanded to satisfy a growing demand for higher education in suburban Chicago. DePaul's two satellite facilities include: (1) The DePaul O'Hare Campus (near Cumberland Ave. [Illinois Hwy. 171] and the Kennedy Expressway [I-90]) in Chicago, Illinois (occupying 38,942 SF of leased space), and (2) its Naperville Campus (located in a portion of the BP Research Center facility adjacent to the Ronald Reagan East-West Tollway [I-88] and occupying 63,802 SF of leased space).

The University offers 132 undergraduate and over 183 graduate and professional graduate degree programs, including six degree programs offered by the College of Law.

Series 2016
Bonds –
School of
Music
Project:

In alignment with the University's strategic planning goals (i.e., Vision 2018) of enhancing academic quality, strengthening educational excellence, and deepening DePaul's connection to Chicago, on October 30, 2015, the University's Board of Trustees authorized Phase 1 of the new School of Music building on the Lincoln Park campus.

In November 2015, the University announced its plan to commence construction of Phase 1 of the new School of Music building. Construction of the new School of Music building (to be located along the west side of N. Halsted St., between Fullerton and Belden avenues), will begin with the demolition of McGaw Hall.

The School of Music building is targeted for completion in spring 2018 and will include:

- The 505-seat William E. and Mary Pat Gannon Hay Concert Hall for public performances;
- A 140-seat recital hall (3-stories tall);
- A small (81-seat) recital hall;
- The 76-seat Philip Corboy and Mary Dempsey Jazz Hall; and
- An underground parking garage.

The total development cost of the School of Music building is estimated at \$101.5 million.

Additional
Projects Under
Development:

In addition to the School of Music building, the University is also considering whether to move forward with Phase 3 and Phase 4 renovations of the John T. Richardson Library located at 2350 N. Kenmore Ave. (Lincoln Park campus). The Library originally opened in 1992. The Phase 3 renovations would renovate approximately 30,000 SF of space on the 2nd floor. The Phase 4 (i.e., final phase) of the Library renovations would rehabilitate approximately 35,000 SF of space located on the 3rd and 4th floors of the Library. Although not currently approved by the University's Board of Trustees, Phase 3 and 4 renovations support DePaul's objectives specified in its Vision 2018 strategic plan. The total cost of these Library renovations is estimated at approximately \$7.8 million.

Finally, a portion of the IFA Series 2016 Bonds will be used for the renovation of existing floors in the Daley Building on the Loop Campus located at 14 E. Jackson Blvd. in order to expand the College of Computing and Digital Media and to refurbish the space for the Masters of Health Program. Additionally, elevators in two DePaul Loop Campus buildings located at 25 E. Jackson Blvd. and 14 E. Jackson Blvd. will be modernized. Improvements will also be made to the HVAC system at the DePaul Center located at 1 E. Jackson Blvd. The total cost of these Loop Campus renovations is estimated at \$3.5 million.

Impact of Music
Building on the
Community:

The new 505-seat William E. and Mary Pat Gannon Hay Concert Hall will be the central public performance theater and will accommodate the School of Music's full range of musical ensembles.

The 140-seat recital hall will be three stories high in order to deliver professional quality acoustics. A smaller recital hall will seat 81 people while the 76-seat Philip Corboy and Mary Dempsey Jazz Hall will provide intimate seating with jazz club ambiance.

According to Ms. Judy Buntra, interim dean of the School of Music, the new building will better serve the entire DePaul student body as well as over 750 children and adults who participate in the Community Music Division.

The new School of Music and the Theatre School's productions will be open to the community and enrich the proud history of arts in the Lincoln Park community.

PROJECT SUMMARY (FROM FINAL BOND RESOLUTION)

The Bonds will be issued in an amount not-to-exceed \$85 million in one or more series for the purpose of providing DePaul University, an Illinois not-for-profit corporation (the "University"), with all or a portion of the funds necessary to (i) finance, refinance or reimburse the University for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, furnishing and equipping of certain new facilities constituting "educational facilities," as defined in the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the "Act"), including, without limitation, (a) the planning, design, acquisition, construction, furnishing and equipping of a new school of music building, and related infrastructure, landscaping, signage and other similar improvements and (b) the renovating, remodeling and equipping of various educational facilities owned by the University, and all necessary and attendant facilities, equipment, site work, zoning, entitlements and utilities related thereto (collectively, the "Project"), (ii) pay certain working capital expenditures if deemed desirable by the University and (iii) pay certain costs relating to the issuance of the Bonds if deemed desirable by the University, all as permitted under the Act.

The Project is or will be owned by the University and is or will be located on land currently owned by the University. Proceeds may be expended with respect to any individual building located on the University's Lincoln Park main campus and the University's Loop Campus. The Lincoln Park Campus includes, but is not limited to, the new music building located at 2330 North Halsted Street, Chicago, Illinois 60614 and the Richardson Library located at 2350 North Kenmore Avenue, Chicago, Illinois 60614. The Loop Campus includes, but is not limited to, the following addresses in Chicago, Illinois: the DePaul Center having the address commonly known as 1 East Jackson Boulevard, Chicago, Illinois 60604, the Richard M. and Maggie C. Daley Building having the address commonly known as 14 East Jackson Boulevard,

Chicago, Illinois 60604 and the Lewis Center having the address commonly known as 25 East Jackson Boulevard, Chicago, Illinois 60604, all within Chicago, Illinois.

As reported in the TEFRA Hearing Notices published in connection with this financing, the University presently anticipates not using more than \$85 million of Bond Proceeds to finance improvements at its Lincoln Park Campus and not more than \$10 million of Bond Proceeds to finance improvements at its Loop Campus. The combined estimated development cost of these projects totals approximately \$112.9 million.

ECONOMIC DISCLOSURE STATEMENT

Applicant/ Contacts: DePaul University, 55 East Jackson Boulevard, Chicago, Illinois 60604-4101; www.depaul.edu
 (1) Jeffrey J. Bethke, Executive Vice President, Ph.: 312.362.6715; jbethke@depaul.edu
 (2) Doug Stanford, Manager of Banking, Liquidity, and Capital Resources, Ph.: 312.362.6714; dstanford@depaul.edu

Project name: DePaul University Series 2016 Revenue Bonds

Locations: DePaul’s Lincoln Park Campus, 2550 N. Sheffield Ave., Chicago, IL 60614-3298 and DePaul’s Loop Campus, 55 East Jackson Blvd., Chicago, IL 60604

Organization: Illinois 501(c)(3) organization
 Board

Membership: *For list of Board of Trustees, see page 7.*

PROFESSIONAL AND FINANCIAL

Borrower’s Counsel:	Perkins Coie LLP	Chicago, IL	Daniel Coyne, Christine Biebel
Auditor:	KPMG, LLP	Chicago, IL	Jason Rosheisen
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke, Kristin Walsh
Borrower’s Financial Advisor:	William Blair & Company, LLC	Chicago, IL	Ajay Thomas, Mike McIntyre
Senior Manager:	Goldman Sachs & Co.	New York, NY	Ritu Kalra, John Stevenson
Co-Managers:	RBC Capital Markets, LLC	Chicago, IL	Kevin Hoecker
	Samuel A. Ramirez & Co., Inc.	Chicago, IL	Phillip Culpepper
Underwriter’s Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Hoffman, Chad Doobay
Trustee:	BNY Mellon Corporate Trust	Chicago, IL	Kathy Cokic
Architect:	Antunovich Associates	Chicago, IL	Scott Ferguson
General Contractor:	Bulley & Andrews	Chicago, IL	Mark Evans
Rating Agencies:	Moody’s Investors Service	New York, NY	Diane Viacava
	Standard & Poor’s	Chicago, IL	Nick Waugh
	Fitch Ratings	Chicago, IL	Susan Carlson
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden, Siamac Afshar

LEGISLATIVE DISTRICTS

	Loop Campus	Lincoln Park Campus
Congressional:	7	5
State Senate:	3	6
State House:	5	11

DePaul University Board of Trustees

(* Members of the Executive Committee of the Board of Trustees)

<u>Name</u>	<u>Affiliation</u>
Joseph Adams	CEO and Managing Partner, McGladrey & Pullen
Rev. Thomas Anslow, C.M.	Canonical Vicar, Archdiocese of Los Angeles
Peter C. Argianas*	Chairman, President and CEO, Gold Coast Bank
Karen M. Atwood	Executive Vice President, Service and Technology, Health Care Service Corp.
Gerald A. Beeson	COO, Citadel Investment Group, LLC
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Stephen B. Bowman	EVP and Chief Financial Officer, Northern Trust
John L. Brennan	Head of Private Wealth Management, William Blair & Co.
Ruth W. Brinkley	President and CEO, KentuckyOne Health
Gery Chico	Senior Partner, Chico & Nunes P.C.
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Kerrie Holley	VP & CTO, Analytics for Automation Platform, Cisco Systems
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Timothy Knight	CEO, Wrapparts LLC
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Carla Michelotti*	Executive VP/General Counsel, Leo Burnett Company, Inc.
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Rev. Mark Pranaitis, C.M.	Assistant Provincial, Congregation of the Mission, Western Province
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George Ruff	Senior Principal, Trinity Hotel Investors, LLC
James Ryan*	President, CEO and Chairman of the Board, W.W. Grainger, Inc.
Kristi Savacool	CEO, Aon Hewitt
Bertram L. Scott*	Retired Senior Vice President of Population Health, Novant Health
Daniel C. Ustian	Retired Chairman and CEO, Navistar
Rev. Raymond Van Dorpe, C.M.	Provincial, Western Province of the Congregation of the Mission
Dia S. Weil	Retired CFO and COO, Verizon Airfone

