



\$122,780,000 – FINAL ISSUANCE AMOUNT – CLOSED 09/01/16

PAB CONDUIT

\$125,000,000 (not-to-exceed amount)

August 11, 2016

DePaul University

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|--|--------------|-----------------------------------|------------------|----------------------|-----|--|-----------|---------------|------------------|---------------|---------|------------|--------------------|------------------|-----------------|------------------|--|--|--------------|-----------------------------|--------------|-----------------------------|--|--|---|--|
| <p>REQUEST</p> | <p>Purpose: The proposed financing will enable DePaul University (the “University” or the “Borrower”) to issue one or more series of Revenue Refunding Bonds in an aggregate principal amount not-to-exceed \$125,000,000 in order to provide all or some of the all or some of the funds necessary to do the following: (i) advance refund all or a portion of the Illinois Finance Authority Revenue Bonds, DePaul University, Series 2011A (the “Series 2011A Bonds”) and (ii) pay certain costs relating to the issuance of the Series 2016A Bonds and the refunding of the Series 2011A Bonds, if deemed desirable by the University. Program: Conduit 501(c)(3) Revenue Refunding Bonds (<i>Advance Refunding</i>) Extraordinary Conditions: None.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>BOARD ACTIONS</p> | <p>Final Bond Resolution (<i>One-time consideration</i>) This is the first time this project has been considered by the IFA Board of Directors</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>MATERIAL CHANGES</p> | <p>None.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>JOB DATA</p> | <table border="0"> <tr> <td style="text-align: right;">3,743</td> <td>Current jobs</td> <td style="text-align: center;">N/A</td> <td>New Jobs (Refunding Bonds)</td> </tr> <tr> <td style="text-align: right;">N/A</td> <td>Retained jobs</td> <td style="text-align: center;">N/A</td> <td>Construction Jobs (Refunding Bonds)</td> </tr> </table> | 3,743 | Current jobs | N/A | New Jobs (Refunding Bonds) | N/A | Retained jobs | N/A | Construction Jobs (Refunding Bonds) | | | | | | | | | | | | | | | | | | | | |
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| <p>DESCRIPTION</p> | <ul style="list-style-type: none"> • 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 2016A Bonds will enable DePaul to advance refund the University’s IFA Series 2011A Bonds. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>CREDIT INDICATORS</p> | <ul style="list-style-type: none"> • DePaul is currently rated “A2”/ “A”/“A” long-term by Moody’s/S&P/Fitch (assigned in connection with the University’s Series 2016 Bonds in March 2016). All three rating agencies also affirmed these ratings (along with Stable outlooks) on all of the University’s outstanding debt in March 2016. The University will apply for ratings in connection with this issue and on its outstanding debt and expects to be awarded ratings from all three rating agencies by mid-August (as of 7/29/2016). | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>PROPOSED STRUCTURE</p> | <ul style="list-style-type: none"> • 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. The not-to-exceed maturity in the Bond Resolution provides for a maximum maturity parameter of 40-years (while the anticipated final maturity date will remain 2040 as on the IFA Series 2011A Bonds that would be Advanced Refunded with the IFA Series 2016A Bonds). • Estimated all-in interest costs of between 3.25% to 3.75% based on market conditions based on the anticipated maturity schedule (which will maintain the maturity date on the existing Series 2011A Bonds of 10/1/2040). | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>SOURCES AND USES (*PRELIMINARY, SUBJECT TO CHANGE)</p> | <table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td colspan="4">ESTIMATED</td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;">\$115,820,000</td> <td>Refunding Escrow</td> <td style="text-align: right;">\$143,321,585</td> </tr> <tr> <td>Premium</td> <td style="text-align: right;">24,327,050</td> <td>*Costs of Issuance</td> <td style="text-align: right;"><u>1,158,200</u></td> </tr> <tr> <td>Borrower Equity</td> <td style="text-align: right;"><u>4,332,735</u></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$144,479,785</u></td> <td>Total</td> <td style="text-align: right;"><u>\$144,479,785</u></td> </tr> <tr> <td></td> <td></td> <td>*Costs of Issuance to be paid with borrower funds (equity)-</td> <td></td> </tr> </table> | Sources: | | Uses: | | ESTIMATED | | | | IFA Bonds | \$115,820,000 | Refunding Escrow | \$143,321,585 | Premium | 24,327,050 | *Costs of Issuance | <u>1,158,200</u> | Borrower Equity | <u>4,332,735</u> | | | Total | <u>\$144,479,785</u> | Total | <u>\$144,479,785</u> | | | *Costs of Issuance to be paid with borrower funds (equity)- | |
| Sources: | | Uses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ESTIMATED | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFA Bonds | \$115,820,000 | Refunding Escrow | \$143,321,585 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Premium | 24,327,050 | *Costs of Issuance | <u>1,158,200</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total | <u>\$144,479,785</u> | Total | <u>\$144,479,785</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <p>RECOMMENDATION</p> | <p>Credit Review Committee recommends approval.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 11, 2016**

Project: DePaul University

STATISTICS

| | | | |
|-----------------|-------------------------|------------|------------------------------------|
| Project Number: | 12358 | Amount: | Not to exceed \$125,000,000 |
| 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 (<i>Advance Refunding</i>) | No IFA funds at risk |
| Credit Review Committee recommends approval | No extraordinary conditions |

PURPOSE

The proposed financing will enable **DePaul University** (the “**University**” or the “**Borrower**”) to issue one or more series of Revenue Refunding Bonds in an aggregate principal amount not-to-exceed \$125,000,000 in order to provide all or some of the all or some of the funds necessary to do the following: (i) advance refund all or a portion of the Illinois Finance Authority Revenue Bonds, DePaul University, Series 2011A (the “**Series 2011A Bonds**”) and (ii) pay certain costs relating to the issuance of the Series 2016A Bonds and the refunding of the Series 2011A Bonds, if deemed 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

(Note: the preliminary estimates reported below are subject to change until pricing)

| | | | | | |
|----------|---------------------|-----------------------------|-------|--------------------|-----------------------------|
| Sources: | IFA Refunding Bonds | \$115,820,000 | Uses: | Refunding Escrow | \$143,321,585 |
| | Premium | 24,327,050 | | *Costs of Issuance | <u>1,158,200</u> |
| | Equity | <u>4,332,735</u> | | | |
| | Total | <u>\$144,479,785</u> | | Total | <u>\$144,479,785</u> |

Notes:

All amounts reported above are preliminary estimates that will be subject to change until pricing and will be superseded by amounts reported in the Official Statement when posted.

*The University will contribute its own funds to pay Costs of Issuance on the Series 2016A Bonds.

JOBS

| | | | |
|---------------------|-------|---------------------|-----------------------|
| Current employment: | 3,743 | Projected new jobs: | N/A (Refunding Bonds) |
| Jobs retained: | N/A | Construction jobs: | N/A (Refunding Bonds) |

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 as assigned to the University's Series 2016 Bonds and affirmed on the University's existing debt in March 2016. (Each of the rating agencies also assigned a Stable outlook in March 2016.)

DePaul has applied for ratings from Moody's/S&P/Fitch on the Series 2016A Bonds and expects ratings to be awarded in mid-August (currently anticipated during the week of 8/15/2016 as of 7/28/2016).

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 3.25% and 3.75% based on current market rates and anticipated maturities.

Maturity:

Although the Bond Resolution will enable the Series 2016A Bonds to mature in up to 40 years, the financing team presently contemplates (as of 8/1/2016) that the Bonds will maintain the existing 10/1/2040 final maturity date currently on the Series 2011A Bonds (which will be refunded with the Series 2016A Bonds).

Anticipated

Closing Date: September 2016

Rationale:

This advance refunding will be undertaken to reduce interest expense and reduce payments (although there may be a slight acceleration of principal repayments compared to the Series 2011A Bonds).

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.

PROJECT SUMMARY (FROM FINAL BOND RESOLUTION)

The Bonds will be issued in an amount not-to-exceed \$125,000,000 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 The proposed financing will enable **DePaul University** (the "**University**" or the "**Borrower**") to issue one or more series of Revenue Refunding Bonds in an aggregate principal amount not-to-exceed \$125,000,000 in order to provide all or some of the all or some of the funds necessary to do the following: (i) advance refund all or a portion of the Illinois Finance Authority Revenue Bonds, DePaul University, Series 2011A (the "**Series 2011A Bonds**") and (ii) pay certain costs relating to the issuance of the Series 2016A Bonds and the refunding of the Series 2011A Bonds, if deemed desirable by the University.

Proceeds of the Bonds will be used to refinance various individual buildings located on the University's Lincoln Park main campus (the "Lincoln Park Main Campus") have the address commonly known as 2400 N. Sheffield Ave., Chicago, IL 60614. It is anticipated that not more than \$87,000,000 of the proceeds of the Bonds will be used, directly or indirectly, to refinance assets located at the University's Lincoln Park Main Campus.

Proceeds of the Bonds will be used to refinance various individual buildings located on the University's Downtown Chicago Campus, in Chicago, Illinois (the "Downtown Campus"), which includes but is not limited to t, the following addresses in Chicago, Illinois: 1 E. Jackson Blvd., 14 E. Jackson Blvd., and 25 E. Jackson Blvd. It is expected that not

more than \$38,000,000 of the proceeds of the Bonds will be used, directly or indirectly, to refinance assets located at the University's Downtown Campus.

(More specifically, refinanced properties include the following properties: (1) Theatre Building, 2350 N. Racine Ave., Chicago, IL 60614; (2) Arts & Letters Academic Building, 2315 N. Kenmore Ave., Chicago, IL 60614; (3) Richard M. and Maggie C. Dales Building, 14 E. Jackson Blvd., Chicago, IL 60604; (4) DePaul Art Museum, 935 W. Fullerton Ave., Chicago, IL 60614; (5) College of Education, 2247 N. Halsted St., Chicago, IL 60614; (6) Corcoran Hall/Wish Field, 800-910 W. Belden Ave., Chicago, IL 60614; (7) Richards Library, 2350 N. Kenmore Ave., Chicago, IL 60614; (8) DePaul Center, 1 E. Jackson Blvd., Chicago, IL 60604, and (9) Lewis Center, 25 W. Jackson Blvd., Chicago, IL 60604.

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) Peter Harris, Associate Vice President of Treasury Operations, Ph. 312.362.8456; pharris@depaul.edu
(3) Doug Stanford, Manager of Banking, Liquidity, and Capital Resources, Ph.: 312.362.6714; dstanford@depaul.edu

Project name: DePaul University Series 2016A Revenue Refunding Bonds (*Advance Refunding*)

Locations: DePaul's Lincoln Park Main Campus, 2550 N. Sheffield Ave., Chicago, IL 60614-3298 and DePaul's Downtown 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 Samuel A. Ramirez & Co., Inc. | Chicago, IL Chicago, IL | Kevin Hoecker 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 Standard & Poor's Fitch Ratings | New York, NY Chicago, IL Chicago, IL | Diane Viacava Nick Waugh 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 |
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| 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 |
| William E. Bennett* | |
| 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. |
| Frank M. Clark | Retired Chairman & CEO, ComEd |
| Sebastian S. Cualoping* | CEO & President, AMPAC International, Inc. |
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| Sister Margaret M. Fitzpatrick, D.C. | President, St. Thomas Aquinas College |
| Sasha L. Gerritson | Director of Opera Programs, Northeastern Illinois University |
| Arnold T. Grisham | President and CEO, Peer Review Solutions |
| Harry J. Harczak | Private Investor, Sawdust Investment Management, Retired EVP, CDW |
| William E. Hay | President, William E. Hay & Co |
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| Roberto Herencia | President and CEO, BXM Holdings, Inc. |
| Lori Holland* | Managing Director, Neuberger Berman |
| Kerrie Holley | VP & CTO, Analytics for Automation Platform, Cisco Systems |
| Rev. Dennis H. Holtschneider, C.M.* | President, DePaul University |
| Stacy Janiak* | Audit and Enterprise Risk Services National Managing Partner – Central Region, Deloitte |
| James M. Jenness | Retired Chairman, Kellogg Company |
| Timothy Knight | CEO, Wrapports LLC |
| Jeffrey J. Kroll | Partner, Salve, Schostok & Pritchard P.C. |
| William Kusack | Retired Managing Director, JP Morgan Capital Corporation |
| Rev. James Maher, C.M.* | President, Niagara University |
| Carla Michelotti* | Executive VP/General Counsel, Leo Burnett Company, Inc. |
| Anne R. Pramaggiore | President and CEO, ComEd |
| Rev. Mark Pranaitis, C.M. | Assistant Provincial, Congregation of the Mission, Western Province |
| Larry R. Rogers* | Partner, Powers Rogers & Smith, P.C. |
| George Ruff | Senior Principal, Trinity Hotel Investors, LLC |
| James Ryan* | President, CEO and Chairman of the Board, W.W. Grainger, Inc. |
| Jessica Sarowitz | Owner, Paylocity Corporation |
| Kristi Savacool | CEO, Aon Hewitt |
| John Sheehy | President and CEO, Navistar International Corporation |
| Renee Togher | President, Azteca Foods |
| 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 |

