



**PAB CONDUIT**

June 9, 2016

**\$17,000,000 (not-to-exceed amount)**  
**Lake Forest Academy**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Lake Forest Academy</b> (the “<b>Borrower</b>”), an Illinois not for profit corporation, to provide the Borrower with all or a portion of the funds necessary to (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “<b>Project</b>”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “<b>Series 1994 Bonds</b>”), (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “<b>Series 2000 Bonds</b>”, and together with the Series 1994 Bonds, the “<b>Prior Bonds</b>”), (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted under the Illinois Finance Authority Act, as amended.</p> <p><b>Program:</b> 501(c)(3) Revenue Bonds  <b>Extraordinary Conditions:</b> None.          No IFA Funds at risk. No State Funds at risk.</p>																				
<b>BOARD ACTION</b>	Final Bond Resolution (One-time consideration)																				
<b>MATERIAL CHANGES</b>	This is the first time this matter has been considered by the IFA Board of Directors.																				
<b>JOB DATA</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">177 Current jobs</td> <td style="width: 50%;">3 New jobs projected</td> </tr> <tr> <td>N/A Retained jobs</td> <td>125 Construction jobs projected (12 months)</td> </tr> </table>	177 Current jobs	3 New jobs projected	N/A Retained jobs	125 Construction jobs projected (12 months)																
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<b>BORROWER DESCRIPTION</b>	<ul style="list-style-type: none"> <li>● Location: Lake Forest/Lake/Northeast</li> <li>● Type of entity: Lake Forest Academy (“<b>LFA</b>”) is a 501(c)(3) co-educational, independent, college-preparatory school founded in 1857 located on an 150-acre campus 30 miles north of Chicago.</li> <li>● Students hail from 18 different states and 36 different countries. One-hundred percent of LFA’s graduates go on to attend 4-year colleges.</li> <li>● The state-of-the-art Student Union facility to be financed with the Series 2016 Bonds will include a modern, collegiate dining hall, a student activity center complete with televisions and a gaming area and a number of smaller, casual gathering spots for group study and relaxing with friends. Open 7 days per week for breakfast, lunch, dinner, work and play, the new Student Union facility will truly be the campus hub, particularly for the 325 students, faculty and their families that live on campus.</li> </ul>																				
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>● Lake Forest Academy is currently a non-rated entity.</li> <li>● The Prior Bonds to be refunded are currently secured by a Letter of Credit issued by The Northern Trust Company which is scheduled to expire July 15, 2016.</li> </ul>																				
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>● The plan of finance contemplates the direct purchase of the Series 2016 Bonds, issued in one or more series, by The Northern Trust Company.</li> <li>● The Bonds will be a general obligation revenue pledge of LFA.</li> <li>● The Northern Trust Company will establish a variable interest rate, reset every month, for an initial term of 3 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 1.00% and 2.00%.</li> <li>● The final maturity of the Bonds is expected to be no later than June 1, 2051 (i.e., 35 years).</li> </ul>																				
<b>SOURCES AND USES</b>	<table border="0" style="width: 100%;"> <tr> <td colspan="2"><b>Sources: ESTIMATED</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>Series 2016 Bonds</td> <td style="text-align: right;">\$16,500,000</td> <td>Project Costs</td> <td style="text-align: right;">\$9,585,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>500,000</u></td> <td>Series 1994/Series 2000 Refunding</td> <td style="text-align: right;">7,255,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>160,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$17,000,000</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$17,000,000</u></b></td> </tr> </table>	<b>Sources: ESTIMATED</b>		<b>Uses:</b>		Series 2016 Bonds	\$16,500,000	Project Costs	\$9,585,000	Equity	<u>500,000</u>	Series 1994/Series 2000 Refunding	7,255,000			Costs of Issuance	<u>160,000</u>	<b>Total</b>	<b><u>\$17,000,000</u></b>	<b>Total</b>	<b><u>\$17,000,000</u></b>
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<b>Total</b>	<b><u>\$17,000,000</u></b>	<b>Total</b>	<b><u>\$17,000,000</u></b>																		
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
June 9, 2016**

**Project: Lake Forest Academy**

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**STATISTICS**

IFA Project:	12347	Amount:	\$17,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Lake Forest	County/	
		Region:	Lake / Northeast

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**BOARD ACTION**

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

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**VOTING RECORD**

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

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**PURPOSE**

Bond proceeds will be loaned to **Lake Forest Academy** (the “**Borrower**”), an Illinois not for profit corporation, to provide the Borrower with all or a portion of the funds necessary to (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “**Project**”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “**Series 1994 Bonds**”), (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “**Series 2000 Bonds**”, and together with the Series 1994 Bonds, the “**Prior Bonds**”), (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted under the Illinois Finance Authority Act, as amended.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. The IFA’s issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

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**VOLUME CAP**

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

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**JOBS**

Current employment:	177	Projected new jobs:	3
Jobs retained:	N/A	Construction jobs:	125 (12 months)

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
Series 2016 Bonds	\$16,500,000	Project Costs	\$9,585,000
Equity	<u>500,000</u>	Series 1994/Series 2000 Refunding	7,255,000
		Costs of Issuance	<u>160,000</u>
<b>Total</b>	<b><u>\$17,000,000</u></b>	<b>Total</b>	<b><u>\$17,000,000</u></b>

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**FINANCING SUMMARY**

- Structure/  
 Security: The Series 2016 Bonds will be purchased directly by **The Northern Trust Company** (the “**Bank**” or “**Bond Purchaser**”). The Bank is expected to be secured The Bonds will be a general obligation revenue pledge of Lake Forest Academy.
- Interest Rate: The Northern Trust Company will establish a variable interest rate, reset every month, for an initial term of 3 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 1.00% and 2.00%.
- Maturity: The final maturity of the Bonds is expected to be no later than June 1, 2051 (i.e., 35 years).
- Estimated  
 Closing Date: June 2016
- Rationale: The proposed Series 2016 Bonds will reduce monthly payments that will help Lake Forest Academy keep its fixed charges (including debt service payments) as low as possible.

Based on market conditions and current rates, LFA and its advisors estimate that a tax-exempt financing can be completed at a rate that is significantly lower than a taxable loan or taxable bonds for the same fixed term. The savings from a tax-exempt financing will also free up Academy cash to be used for other projects that will enhance the campus.

The new Student Union facility will enhance the student experience by providing a centralized campus hub where students can gather to eat, study or relax. The state-of-the-art facility will include a modern, collegiate dining hall, a student activity center complete with televisions and a gaming area and a number of smaller, casual gathering spots for group study and relaxing with friends. These amenities will allow the Academy to continue as a premier education institution and to continue to attract diverse and qualified students. Open 7 days per week for breakfast, lunch, dinner, work and play, the new student union will truly be the campus hub, particularly for the 325 students, faculty and their families that live on campus.

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### BUSINESS SUMMARY

**Background:** **Lake Forest Academy** (“LFA” or the “Borrower”) is an Illinois not-for-profit corporation and is 501(c)(3) co-educational, independent, college-preparatory school founded in 1857 located on a 150-acre campus 30 miles north of Chicago.

LFA is governed by a Board of Trustees (see Economic Disclosure Statement on pp. 5-6 for further information).

**Description:** Lake Forest Academy was established in 1857 as the boys’ preparatory department of Lind University (later renamed Lake Forest University). The girls’ preparatory department was added in 1869; it was called the “Young Ladies’ Seminary at Ferry Hall” until 1887 when it became known simply as Ferry Hall. In 1925, LFA and Ferry Hall legally separated from Lake Forest College, becoming independent secondary educational institutions. In 1974, LFA and Ferry Hall merged into one coeducational independent school called Lake Forest Academy – Ferry Hall. In 1988, the school dropped the name “Ferry Hall” and continued as Lake Forest Academy.

LFA was originally located on the campus of Lake Forest College, but in 1946, a fire destroyed the main Academy building. The school purchased the former estate of J. Ogden Armour and converted it into a school campus. During the 1950s and 1960s, the LFA campus expanded with the additions of the Glore Memorial Gymnasium, Marshall Field House dormitory, and Corbin Academic Center. Further campus improvements in the 1980s and 1990s included: Hutchinson Commons, Keller Chapel, MacKenzie Ice Rink; Wetzel-Shoellhorn Track, and Atlass Hall dormitory.

In 2001, Dr. John Strudwick came on board as Head of School at LFA and oversaw continued improvements to The Cressey Center for the Arts (2001), West Village faculty homes (2006), Fitzsimmons Athletic wing (2009), Crown Fitness and Wellness Center (2010), Ferry Hall (2012), Reyes Family Science Center (2013), Corbin Academic Center (2014), and Korhumel Wing (2014).

Funds raised from the Spring Gala in 2015 went towards improving the lighting, sound, and production capabilities of The Cressey Center for the Arts. Currently, the new Student Union facility is under construction and will open in Fall 2016. Looking toward the future, LFA is committed to promoting global pluralism and preparing its students with 21st century skills.

LFA prepares its students in grades 9-12 to become responsible citizens in a pluralistic, global society characterized by increased technological complexity. At the same time, the Academy remains rooted in traditional values – integrity, honesty, hard work, and respect for ideas and property of others. Students hail from 18 different states and 36 different countries. Twenty-eight percent of students are international and 26% are domestic students of color. One-hundred percent of LFA’s graduates go on to attend 4-year colleges. The table below shows the Academy’s total enrollment over the last five academic years:

Fall	Enrollment
2015	435
2014	435
2013	434
2012	429
2011	429

LFA is current on payments relating to the IFA Series 1994 Bonds and Series 2000 Bonds as of 6/1/2016 and has made all payments as scheduled.

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**PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)**

**Lake Forest Academy**, an Illinois not for profit corporation (the “**Borrower**”), has requested that the Authority issue not to exceed \$17,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Bonds (Lake Forest Academy), Series 2016 (the “**Series 2016 Bonds**”) and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing all or a portion of the funds necessary to do any or all of the following: (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “**Project**”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “**Series 1994 Bonds**”), which were originally issued in the aggregate principal amount of \$10,255,000 to (a) finance all or a portion of the costs of the acquisition, construction, refurbishment, creation, development and redevelopment of certain of its facilities, including without limitation, equipment, machinery and real and personal property (collectively, the “1994 Project”), (b) pay capitalized interest on the Series 1994 Bonds and (c) pay certain of the costs of issuance of the Series 1994 Bonds, (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “**Series 2000 Bonds**”, and together with the Series 1994 Bonds, the “**Prior Bonds**”), which were originally issued in the aggregate principal amount of \$6,000,000 to (a) finance all or a portion of the costs of acquisition, construction, refurbishment, creation, development, redevelopment and equipping of certain of its facilities, including, without limitation, equipment, machinery and real and personal property (collectively, the “2000 Project”), (b) pay capitalized interest on the Series 2000 Bonds and (c) pay all or a portion of the costs of issuance of the Series 2000 Bonds, (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

Estimated Project Costs financed with the Series 2016 bonds include the following:

New Construction (Student Center)	<u>\$9,585,000</u>
<b>Total</b>	<b><u>\$9,585,000</u></b>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Lake Forest Academy, 1500 West Kennedy Road, Lake Forest, IL 60045 (c/o Michael Reidy, Chief Financial Officer, Tel: 847-615-3213, Email: [mreidy@lfanet.org](mailto:mreidy@lfanet.org))

Applicant Website: <http://www.lfanet.org/>

Project name: Revenue Bonds (Lake Forest Academy), Series 2016

Location: Lake Forest (Lake County), IL

Organization: Illinois Not-for-Profit Corporation

Trustees: The 2015-2016 Board of Trustees is listed below:

Dr. Makola M. Abdullah	President-elect, Virginia State University
Sam E. Adam	Law Offices of Sam Adam, Jr.
Sylvia Barros	Owner, The Kids Club
Dr. Kenny Bozorgi	COO & CIO, DayOne Health
Patrick J. Carroll II	Business Operations Manager, Pro Equine Group
Charles T. Cooper	Financial Advisor, JP Morgan
J. Patrick Corsiglia	President/Owner, Farragut Investments, Inc.
Jim C. Cowart	Managing Partner, Auriga Partners
Christopher E. Freeburg	Partner, Skyline Global Partners LLC
Dr. Rachel E. Goshgarian	Assistant Professor, Lafayette College
Gloria W. Harper	Chief Program Officer, Golden Apple Foundation
William J. Hayes	President & COO, Safway
Maurice L. Holmes	Partner & COO, CoHill Capital
Michele Marsh Ihlanfeldt	Composer & Pianist
Ned Jessen <sup>1</sup>	Managing Partner, Howard Capital Partners Inc.
Gregory K. Jones	Partner, The Edgewater Funds/Lazard
Erik S. Kimble	General Manager, Colmax International Ltd
Rumi Kuli	Managing Director, Charles Schwab
Michael Leonard	N/A
Ben Malek	CEO, Malek Worldwide
John Marlatt	N/A
Katherine Gray Pollock	N/A
Judith Reid-Anderson	N/A
J. Michael Schell <sup>2</sup>	Executive Vice President, Alcoa, Inc. (ret.)
Marianne Silver	Chief People Officer, Coyote Logistics
Mark S. Simonian	Go-Head of Technology & Media & Telecom, Credit Suisse
Dr. John. A. Strudwick	Lake Forest Academy
Richard L. Zhao	Reservoir Engineer, Chevron

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**PROFESSIONAL & FINANCIAL**

Borrower Advisor:	Longhouse Capital Advisors	La Grange Park, IL	Michael Boisvert Lindsay M. Wall
Auditor:	Plante & Moran, PLLC	Chicago, IL	
Borrower's Counsel:	Reyes Kurson	Chicago, IL	Lauren Mack
Purchasing Bank:	The Northern Trust Company	Chicago, IL	Bonnie Althoff Russ Rockenbach Mary Fitz
Filing Agent:	Amalgamated Bank of Chicago	Chicago, IL	
Bank Counsel:	Dentons	Chicago, IL	Mary Wilson Mark Schauerte
Bond Counsel:	Ice Miller	Chicago, IL	Jim Snyder Enzo Incandela
IFA Counsel:	Taft Stettinius & Hollister LLP	Chicago, IL	Kim Copp
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

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**LEGISLATIVE DISTRICTS**

Congressional: 10  
State Senate: 29  
State House: 58

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