

PAB CONDUIT

February 11, 2016

\$15,000,000 (not-to-exceed)

University of St. Francis

REQUEST	<p>Purpose: Bond proceeds will provide University of St. Francis (the “Borrower”) 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, renovation, improvement, expansion and equipping of certain of its educational facilities, including the construction and equipping of a new science building (including, without limitation, related landscaping and signage), (ii) pay certain working capital expenditures if deemed desirable by the University, (iii) fund a debt service reserve fund if deemed necessary or desirable by the University, and (iv) pay certain costs relating to the issuance of the Series 2016 Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act (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 (January 14, 2016) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, Horne, O’Brien, Yonover); 0 Vacancies.</p>																				
MATERIAL CHANGES	<p>Sources and Uses refined; filing agent engaged.</p>																				
JOB DATA	<table border="0"> <tr> <td style="padding-right: 20px;">350</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">10</td> <td>New jobs projected (1-2 years)</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>60</td> <td>Construction jobs projected (15 months)</td> </tr> </table>	350	Current jobs	10	New jobs projected (1-2 years)	N/A	Retained jobs	60	Construction jobs projected (15 months)												
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DESCRIPTION	<ul style="list-style-type: none"> ● Location: Joliet / Will County / Northeast ● Type of entity: The University, a 501(c)(3) organization incorporated under Illinois law, is a private, Catholic, co-educational institution of higher learning founded by the Congregation of the Third Order of St. Francis of Mary Immaculate in 1920 that is governed by a 31-member Board of Trustees. ● The University offers 45 baccalaureate programs, including 3 adult undergraduate majors, 19 masters-level programs (onsite and online classes), 3 sub-baccalaureate certificate programs, 11 post-baccalaureate certificate programs, 3 post-masters certificate programs and 2 doctoral programs. In fiscal year 2015, the University served 1762 undergraduate and 2000 post-baccalaureate students. ● The planned Science Building project will be located on the main campus of the University on the current site of a surface parking lot. The building will be approximately 35,000 – 40,000 square feet and will include nine teaching laboratories, four student/faculty research laboratories, 11 faculty offices, two student study lounges and a multi-purpose lecture hall. 																				
CREDIT INDICATORS	<ul style="list-style-type: none"> ● The Borrower is a non-rated entity. ● The plan of finance contemplates that the IFA Bonds will be issued in two tranches (i.e., Series 2016A and Series 2016B) and purchased directly by Wintrust Bank and PNC Bank, N.A. (each, a “Bond Purchaser”). Each Bond Purchaser will be a secured lender and a direct bond investor. ● The Series 2016A Bond issued in the amount of \$6.0 million will be purchased by Wintrust Bank and the Series 2016B Bond issued in the amount of \$9.0 million will be purchased by PNC Bank, N.A. 																				
SECURITY	<ul style="list-style-type: none"> ● The Banks (as Bond Purchasers) will be secured by a general corporate obligation, a first mortgage on the Science Building, and an assignment of Science Center campaign pledges. 																				
MATURITY/INTEREST RATES	<ul style="list-style-type: none"> ● The Bonds will mature no later than 25 years from the issue date. ● The Bonds will have an initial term of 5 years with reset provisions thereafter. The initial interest rate will be negotiated by the University and the Banks prior to closing based on prevailing market conditions and is currently estimated at between 2.00% and 3.00%. 																				
SOURCES AND USES	<table border="0"> <thead> <tr> <th colspan="2" style="text-align: left;">Sources: ESTIMATED</th> <th colspan="2" style="text-align: left;">Uses:</th> </tr> </thead> <tbody> <tr> <td style="padding-right: 20px;">IFA Series 2016A Bond</td> <td style="padding-right: 20px;">\$6,000,000</td> <td style="padding-right: 20px;">Project Costs</td> <td style="text-align: right;">\$18,400,000</td> </tr> <tr> <td>IFA Series 2016B Bond</td> <td>9,000,000</td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>300,000</u></td> </tr> <tr> <td>Capital Campaign Receipts</td> <td><u>3,700,000</u></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td><u>\$18,700,000</u></td> <td>Total</td> <td><u>\$18,700,000</u></td> </tr> </tbody> </table>	Sources: ESTIMATED		Uses:		IFA Series 2016A Bond	\$6,000,000	Project Costs	\$18,400,000	IFA Series 2016B Bond	9,000,000	Costs of Issuance	<u>300,000</u>	Capital Campaign Receipts	<u>3,700,000</u>			Total	<u>\$18,700,000</u>	Total	<u>\$18,700,000</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																				

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

Project: University of St. Francis

STATISTICS

Project Number:	12319	Amount:	\$15,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Joliet	County/	
		Region:	Will 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 (January 14, 2016) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, Horne, O’Brien, Yonover); 0 Vacancies

PURPOSE

Bond proceeds will provide **University of St. Francis** (the “**Borrower**”) 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, renovation, improvement, expansion and equipping of certain of its educational facilities, including the construction and equipping of a new science building (including, without limitation, related landscaping and signage), (ii) pay certain working capital expenditures if deemed desirable by the University, (iii) fund a debt service reserve fund if deemed necessary or desirable by the University, and (iv) pay certain costs relating to the issuance of the Series 2016 Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act (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 Bond paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Series 2016A Bond	\$6,000,000	Uses:	Project Costs	\$18,400,000
	IFA Series 2016B Bond	9,000,000		Cost of Issuance	<u>300,000</u>
	Capital Campaign Receipts	3,700,000			
	Total	<u>\$18,700,000</u>		Total	<u>\$18,700,000</u>

JOBS

Current employment:	350	Projected new jobs:	10 (1-2 years)
Jobs retained:	N/A	Construction jobs:	60 (15 months)

FINANCING SUMMARY

- Security:** The Banks (as Bond Purchasers) will be secured by a general corporate obligation, first mortgage on the Science Building, and an assignment of Science Center campaign pledges.
- Structure:** The plan of finance contemplates the direct purchase of tax exempt debt in an amount not-to-exceed \$15.0 million to be issued in two tranches and purchased directly by Wintrust Bank and PNC Bank, N.A. (each, a “**Bond Purchaser**”). Each Bond Purchaser will be a secured lender and a direct bond investor.
- It is contemplated that Wintrust Bank will direct-purchase one tranche (Series 2016A) in an amount of \$6.0 million and PNC Bank, N.A. will direct-purchase the other tranche (Series 2016B) in an amount of \$9.0 million.
- The Series 2016A and Series 2016B Bonds will not be rated.
- Interest Rate:** The Series 2016A and Series 2016B Bonds will be sold at a variable rate or synthetically fixed interest rate to be determined based on prevailing market interest rates. The interest rates on the Bonds will be set for an initial term of 5 years (i.e., 3/1/2021), currently estimated at between 2.00% and 3.00% (with reset provisions thereafter to be determined prior to pre-closing).
- Underlying Debt Rating:** The University is a non-rated entity.
- Maturity:** 2041 (estimated at up to 25 years from issuance date).
- Estimated Closing Date:** February 2016
- Rationale:** During the competitive bid process that the University undertook in December 2015 among banks interested in financing its capital project, the University determined that tax-exempt financing could be completed at a lower interest rate than a taxable loan for the same fixed term. Savings attributable to tax-exempt financing will free-up University cash to be used for other purposes that will enhance the University and the surrounding community.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will provide **University of St. Francis** (the “**Borrower**”) 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, renovation, improvement, expansion and equipping of certain of its educational facilities, including the construction and equipping of a new science building (including, without limitation, related landscaping and signage), (ii) pay certain working capital expenditures if deemed desirable by the University, (iii) fund a debt service reserve fund if deemed necessary or desirable by the University, and (iv) pay certain costs relating to the issuance of the Series 2016 Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

Estimated Project costs (including certain indebtedness already incurred) consist of the following:

Construction	\$15,000,000
Architectural/Engineering	1,700,000
Fixtures/Equipment	1,400,000
Parking/Landscaping	<u>300,000</u>
Total:	<u>\$18,400,000</u>

BUSINESS SUMMARY

Description: **University of St. Francis** (the “**University**” or the “**Borrower**”) was established in 1920 and is incorporated 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.

The University is governed by a 31-member Board of Trustees (see Economic Disclosure Statement on p. 5).

Background: The University of St. Francis was founded in 1920 by the Congregation of the Third Order of St. Francis of Mary Immaculate for the education of its own members. In 1925, under the name Assisi Junior College, the University began accepting women outside the congregation. With the start of the fall term of 1930, a senior college curriculum was formed and a new name, the College of St. Francis, was adopted. In 1971, the college became co-educational, and the first off-campus degree programs were started in the fall of 1972. In 1980, a master’s program in health services administration was offered followed in the early 1990’s by various other graduate offerings. In 1997, the College affiliated with Saint Joseph College of Nursing.

The Board of Trustees of the College of St. Francis elected to move to university status and on January 1, 1998, the institution became the University of St. Francis.

The University of St. Francis has undertaken a series of expansion and modernization projects in recent years. In 2004, the University purchased the vacated Motherhouse from the founding congregation, and has since renovated it into a facility that houses (i) a conference and meeting center (Solutions Resource Center), (ii) administrative offices (i.e., undergraduate admissions), and (iii) the Leach College of Nursing (“LCON”). The LCON provides students with high tech classroom space, skills lab, extensive computer support and a simulation lab for hands-on critical care training. The simulation lab, funded by a federal nursing grant, is outfitted to resemble various units in a hospital (and includes an emergency room, intensive care unit, and labor and delivery rooms).

In Summer 2005, the University renovated Marian Residence Hall (originally constructed in 1967). The building was upgraded with life-safety improvements, new restrooms, upgraded windows, wireless internet, community lounges, computer/study lounges, and new modular furniture in student rooms. The ground floor Abbey features a student commons area, including a TV room and game room.

Presently, the Borrower enrolls 3,150 students with a full-time faculty of 123. The Main Campus of the University of St. Francis is in the Cathedral Areas Preservation District, located near many of Joliet’s most elegant and historic homes. The University’s main campus encompasses 24 acres.

The Authority most recently issued approximately \$24,248,000 of Refunding Bonds for the University in June 2013. The IFA Series 2013 Bonds were used to refinance the University’s outstanding balances relating to its IFA Series 2005 Bonds and IFA Series 2007 Bonds. The University is current on payments relating to the IFA Series 2013 Bonds as of 2/1/2016 and has made all payments as scheduled.

ECONOMIC DISCLOSURE STATEMENT

Applicant: University of St. Francis, 500 Wilcox Street, Joliet, IL 60435
Contact: Elizabeth Laken, Vice President Finance and Administration
(T) 815-740-3372; email: elaken@stfrancis.edu

Website: <http://www.stfrancis.edu/>

Location: 500 Wilcox Street, Joliet (Will County), IL 60435

Project name: IFA 501(c)(3) Revenue Bond (University of St. Francis Project) Series 2016A and Series 2016B

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

Board of
Trustees:

The University of St. Francis Board of Trustees oversees and guides the University in fulfillment of its educational mission and is composed of the following members:

Board of Trustees

<u>Member</u>	<u>Professional Affiliation</u>
Kathleen J. McGowan (Chair)	Catholic Charities, Diocese of Joliet
Chrystel L. Gavlin, J.D. (Vice Chair)	Associate Circuit Court Judge, Will County
Anthony Arellano	(Retired), Joliet District 86
Robert J. Baron	Mahoney, Silverman & Cross, LLC
Mark D. Bass	Farmers Insurance Group
DeWitt Buchanan	Buchanan & Associates
Karen Cialette	RR Donnelley
Michael Dowd	City Beverage
Brian J. Giegerich	Northern Trust
Marisue Grabavoy	TMJ & Facial Pain Treatment Center
Sr. Margaret Guider, OSF, Th.D	Boston College School of Theology and Ministry
Diane F. Habiger	Lincolnshire Properties
Steven Hernandez	BP America Inc.
Arvid C. Johnson, Ph.D.	University of St. Francis
Sr. Dorothy Kinsella, OSF, Ph.D.	Sisters of St. Francis of Mary Immaculate
Rev. James B. Lewis, O.Carm.	University of Notre Dame
Joseph T. Mallof	(Retired), World Kitchen LLC
Karl Maurer	Financial Advisor
Candice Rosen	Candice Rosen Health Counseling
Arthur Scheuber	Marquette University
Paramjit Singh Sidhu	Joliet Oncology-Hematology Associates, Ltd.
Cheryl Stepney	Solution Design Group
Sr. Faith Szambelanczyk, OSF	(Retired), Joliet Catholic Academy
Michael Turk, Jr.	Turk Furniture
Thomas Vana	Kurtz Ambulance Service
Anthony Villa	Insuresoft
Patricia S. Wheeler	Alumna
Phyllis M. Wilson, Ph.D.	Wilson & Associates Educational Consulting Svcs.
Lawrence A. Wyllie, Ed.D.	Lincoln-Way Community High School District 210
Sr. Mary Jo Young, OSF, Ph.D.	Elmhurst College
Sr. Dolores Zemont, OSF	Sisters of St. Francis of Mary Immaculate

Trustees Emeritus

Thomas M. Flavin	Flavin and Associates
Byron O. Lee, Jr.	Nuclear Management and Resources Council
Carolyn Tomecek Murphy	President, Commercial Operations (Retired)

Presidents Emeritus

Michael J. Vinciguerra, Ph.D.
James A. Doppke, Ph.D.
John C. Orr, Ph.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Kavanagh Grumley & Gorbald LLC	Joliet, IL	Paul Richards
Auditor:	Sikich LLP	Naperville, IL	
Borrower's Advisor:	Longhouse Capital Advisors	La Grange Park, IL	Michael Boisvert Lindsay Wall
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Banks/ Bond Purchasers:	<u>Series 2016A</u> Wintrust Bank	Chicago, IL	Kandace Lenti Erinn Siegel Klaudia Liszka
	<u>Series 2016B</u> PNC Bank, N.A.	Chicago, IL	Barb Fahnstrom Taylor Relich
Wintrust Bank Counsel:	Dentons US LLP	Chicago, IL	Mary Wilson
Filing Agent:	BNY Mellon	Chicago, IL	Merci Stahl
PNC Bank Counsel:	Chapman and Cutler LLP	Chicago, IL	Carol Thompson
IFA Counsel:	Holland & Knight LLP	Chicago, IL	Barb Adams
IFA Financial Advisor:	Sycamore Advisors	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	11
State Senate:	43
State House:	86
