



June 9, 2016

\$70,000,000 (not-to-exceed amount)
Illinois Wesleyan University

REQUEST	<p>Purpose: Bond proceeds will be loaned to Illinois Wesleyan University (the “Borrower”), an Illinois corporation, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “Series 2006 Bonds”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “Series 2006B Bonds”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “Series 2008 Bonds” and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “Prior Bonds”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.</p> <p>Program: 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p> <p>No IFA Funds at risk. No State Funds at risk.</p>																
BOARD ACTION	Final Bond Resolution (One-time consideration)																
MATERIAL CHANGES	This is the first time this matter has been considered by the IFA Board of Directors.																
	<table border="0"> <tr> <td style="padding-right: 20px;">526</td> <td>Current jobs</td> <td style="padding-left: 20px;">N/A</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	526	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected								
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BORROWER DESCRIPTION	<ul style="list-style-type: none"> ● Location: Bloomington / McLean / North Central ● Type of entity: Illinois Wesleyan University is a private, coeducational, undergraduate institution of higher education founded in 1850. The University was chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c)(3) of the Internal Revenue Code. The campus, which has expanded around its original site, occupies approximately 83.5 acres in Bloomington's north-side residential district. ● Since the University's inception, its central program has consisted of a curriculum in the liberal arts and sciences leading to baccalaureate degrees. The primary focus of the University is on instruction, with an additional commitment to research and public service. Fall 2015 enrolment was approximately 1,842 students. All three of the nation's most prestigious honor societies—Phi Beta Kappa, Phi Kappa Phi and Mortar Board—have chapters on the Illinois Wesleyan campus. 																
CREDIT INDICATORS	<ul style="list-style-type: none"> ● Illinois Wesleyan University is applying for ratings in connection with this transaction. IWU currently has underlying long-term ratings of Baa1/A- (Moody's/S&P). ● The Series 2008 Bonds to be refunded are currently secured by a Letter of Credit issued by PNC Bank, N.A. which is scheduled to expire December 9, 2016. 																
STRUCTURE	<ul style="list-style-type: none"> ● The plan of finance contemplates the public offering of the Series 2016 Bonds, issued in one or more series, by RBC Capital Markets, LLC (the “Senior Manager”), Morgan Stanley and PNC Capital Markets LLC (each, a “Co-Manager”). ● The Series 2016 Bonds are general obligations of the University under the Loan Agreement and are not secured by a mortgage or security interest on any of the University's assets, properties or funds. ● Both sizing and interest rate modes will be determined based on evaluation of market conditions by the University and its financing team at pricing. ● The final maturity of the Bonds is expected to be no later 40 years from the dated date. 																
SOURCES AND USES	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>Series 2016 Bonds</td> <td style="text-align: right;">\$70,000,000</td> <td>Series 2006/2006B/2008 Refunding</td> <td style="text-align: right;">\$70,000,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>400,000</u></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>400,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$70,400,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$70,400,000</u></td> </tr> </table>	Sources:		Uses:		Series 2016 Bonds	\$70,000,000	Series 2006/2006B/2008 Refunding	\$70,000,000	Equity	<u>400,000</u>	Costs of Issuance	<u>400,000</u>	Total	<u>\$70,400,000</u>	Total	<u>\$70,400,000</u>
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Total	<u>\$70,400,000</u>	Total	<u>\$70,400,000</u>														
RECOMMENDATION	Credit Review Committee recommends approval.																

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

Project: Illinois Wesleyan University

STATISTICS

IFA Project:	12346	Amount:	\$70,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Bloomington	County/	
		Region:	McLean / North Central

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	

VOTING RECORD

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

PURPOSE

Bond proceeds will be loaned to **Illinois Wesleyan University** (the “**Borrower**”), an Illinois corporation, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “**Series 2006 Bonds**”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “**Series 2006B Bonds**”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “**Series 2008 Bonds**” and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “**Prior Bonds**”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.

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.

VOLUME CAP

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

JOBS

Current employment:	526	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
Series 2016 Bonds	\$70,000,000	Series 2006/2006B/2008 Refunding	\$70,000,000
Equity	<u>400,000</u>	Costs of Issuance	<u>400,000</u>
Total	<u>\$70,400,000</u>	Total	<u>\$70,400,000</u>

FINANCING SUMMARY

Structure/
Security:

The plan of finance contemplates the public offering of the Series 2016 Bonds, issued in one or more series, by RBC Capital Markets, LLC (the "Senior Manager"), Morgan Stanley and PNC Capital Markets LLC (each, a "Co-Manager").

The Series 2016 Bonds are general obligations of the University under the Loan Agreement and are not secured by a mortgage or security interest on any of the University's assets, properties or funds.

Underlying
Ratings:

Illinois Wesleyan University is applying for ratings in connection with this transaction. IWU currently has underlying long-term ratings of Baa1/A- (Moody's/S&P).

These ratings do not apply to the Series 2008 Bonds however, which are currently secured by a Letter of Credit issued by PNC Bank, N.A. which is scheduled to expire December 9, 2016.

Interest Rate:

Both sizing and interest rate modes will be determined based on evaluation of market conditions by the University and its financing team at pricing.

Maturity:

The final maturity of the Bonds is expected to be no later 40 years from the dated date.

Estimated
Closing Date:

June 2016

Rationale:

The proposed Series 2016 Bonds will reduce monthly payments that will help Illinois Wesleyan University keep its fixed charges (including debt service payments) as low as possible.

The University intends to use the funds made available by the lower debt service obligations to pay for numerous repair and maintenance projects to extend the useful lives of existing buildings on its campus.

BUSINESS SUMMARY

Background: **Illinois Wesleyan University** (“IWU” or the “**University**”) is a private, coeducational, undergraduate institution of higher education founded in 1850. The University was chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c) (3) of the Internal Revenue Code.

A list of the University’s current Board of Trustees is presented on pp. 6-8 of this report.

Description: IWU’s campus, which has expanded around its original site, occupies approximately 83.5 acres in Bloomington’s north-side residential district.

The University’s academic program is broader than those of traditional liberal arts colleges, combining the liberal arts and sciences with strong professional schools of art, music, theatre and nursing. In addition, the University also has developed a strong business program that enrolls a quarter of its student body. The University’s primary educational focus is on excellence in classroom instruction; however it also has a strong commitment to undergraduate research and public service. In 2015, Illinois Wesleyan enrolled about 1,842 students, from 33 states and 24 countries, in the College of Liberal Arts, College of Fine Arts and School of Nursing. All three of the nation’s most prestigious honor societies—Phi Beta Kappa, Phi Kappa Phi and Mortar Board—have chapters on the Illinois Wesleyan campus. The University is also a member of the Annapolis Group, a consortium of the nation’s leading liberal arts institutions.

IWU has gained a national reputation for the quality of its entering classes, academic excellence, student-centered focus and exceptional value. In the 2015 edition of *U.S. News & World Report Best Colleges Rankings*, the University placed 72nd among national liberal arts colleges, and in the *Washington Monthly’s* college rankings the University placed 50th. The *Princeton Review* has included Illinois Wesleyan University among its *America’s Best Colleges* listing, ever since this popular guidebook began publishing in 1989. Also, 2015 *Kiplinger’s Guide to Personal Finance* named Illinois Wesleyan University as the 58th best value in private liberal arts education. This marked the ninth consecutive year the University appeared in the *Kiplinger’s Best College Values* rankings.

The University is fully accredited by the Higher Learning Commission of the North Central Association. In January 2013, the Higher Learning Commission reaffirmed Illinois Wesleyan University’s accreditation and scheduled its next 10-year accreditation review for 2022-2023.

Successful recruiting efforts and the University’s enhanced reputation have increased applications from approximately 1,000 in the late 1970’s to 3,744 in 2015-16. Approximately 61.9% of applicants for the 2015-16 academic year were accepted. The average composite ACT score was 28 for the incoming 2015-16 class.

Approximately 80% of students are drawn from Illinois, while 33 other states and 24 foreign countries are represented in the student body. For students that live on campus, the University’s residential facilities include 12 residence halls and 11 national fraternities and sororities.

IWU is current on payments relating to the IFA Series 2006, Series 2006B, Series 2008 and Series 2012 as of 6/1/2016 and has made all payments as scheduled.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Illinois Wesleyan University, an Illinois corporation (the “**University**”), has requested that the Authority issue not to exceed \$70,000,000 in aggregate principal amount of revenue bonds consisting of the Illinois Finance Authority Revenue Refunding Bonds, Illinois Wesleyan University, Series 2016 (the “**Series 2016 Bonds**”), and loan the proceeds thereof to the University, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “**Series 2006 Bonds**”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “**Series 2006B Bonds**”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “**Series 2008 Bonds**” and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “**Prior Bonds**”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Illinois Wesleyan University, P.O. Box 2900, Bloomington, IL 61702 (c/o Dan Klotzbach, Vice President for Business and Finance, Tel: 309-445-3021, Email: dklotzba@iwu.edu)

Applicant
Website: <https://www.iwu.edu>

Project name: Revenue Refunding Bonds (Illinois Wesleyan University), Series 2016

Location: Bloomington (McLean County), IL

Organization: Illinois Corporation chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c)(3) of the Internal Revenue Code.

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Borrower Advisor:	Starshak Winzenburg & Co.	Chicago, IL	Joseph B. Starshak Thomas A. Starshak
Auditor:	KPMG, LLP	Chicago, IL	
Borrower's Counsel:	CCB Law Firm, LLC	Bloomington, IL	Clayton J. Patterson Rachel Buckner
Underwriter/Senior Manager:	RBC Capital Markets, LLC	Chicago, IL	James N. Rachlin Christopher Good David Adeyemi
Co-Managers:	PNC Capital Markets LLC Morgan Stanley	Columbus, OH New York, NY	
Underwriter's Counsel:	Nixon Peabody	Chicago, IL	Raymond C. Fricke
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	Moody's Investor Services	New York, NY	Eva Horton Bogaty Erin Veronica Ortiz
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IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

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State Senate:	44
State House:	88
