$112,390,000 FINAL ISSUANCE AMOUNT – CLOSED 8/23/17

PAB CONDUIT

ILLINOIS FINANCE AUTHORITY

June 8, 2017

Revenue Bonds for the benefit of Rosalind Franklin University of Medicine and Science to be comprised of (I) $80,000,000 (not-to-exceed) Rosalind Franklin University of Medicine & Science (Series 2017A Tax-Exempt Refunding Bonds and Series 2017B Taxable Bonds) and (II) $60,000,000 (not-to-exceed) Series 2017C Tax-Exempt Project Bonds and Series 2017D Taxable Project Bonds (Rosalind Franklin University Research Building Project, a project to be developed and owned by TUFF RFUMS 1 LLC, but payable solely by Rosalind Franklin University of Medicine and Science from amounts under a facilities lease)

REQUEST	**Purpose:** The proposed financing is being undertaken to enable **Rosalind Franklin University of Medicine and Science** ("**RFUMS**" or the "**University**" and a "**Borrower**"), an Illinois not-for-profit corporation to (i) refund all of the University's outstanding principal balance of its (IHFA) Series 2003 Bonds and (IFA) Series 2012 Bonds, (ii) pay interest rated hedge (swap) termination fees associated with the Series 2003 Bonds, and (iii) to finance design, construction and equipping of a new, 100,000 SF research facility (the "**Research Building**") at 3333 N. Green Bay Road in North Chicago, Illinois, that will be developed and owned by **TUFF RFUMS 1 LLC** (a "**Borrower**"), a Georgia limited liability company established by **The University Financing Foundation, Inc.** ("**TUFF"),** a Georgia nonprofit corporation (TUFF is a 501(c)(3) corporation that is the sole member of TUFF RFUMS 1 LLC). In addition to financing the refunding and construction of the Research Building for the benefit of the University, the Series 2017 Bond proceeds may also be used for the following purposes, if deemed necessary or desirable by the University: (iv) pay capitalized interest on the Bonds issued to construct the Research Building, (v) fund one or more debt service reserve funds, and (vi) pay costs of issuance on the Bonds (and collectively, with the Refunding Bonds and Research Building, the "**Financing Purposes**"). ***Notes:*** (1) The University will be the Borrower/Obligor on the Series 2017A Refunding Bonds and Series 2017B Taxable Bonds. (2) IFA will loan the proceeds of the Series 2017C Tax-Exempt Project Bonds and the Series 2017D Taxable Revenue Bonds to TUFF RFUMS 1 LLC. Although an affiliate of TUFF (TUFF RFUMS 1 LLC or any assigns thereof) will own the Research Building, the Series 2017C-D Bonds will be payable solely from amounts paid under a facilities lease with Rosalind Franklin University. (3) The Project Description contained in the IFA Bond Resolution is presented on p. 10. (4) Preliminary Sources and Uses of Funds for the Series 2017A Refunding/2017B Bonds the Series 2017C/2017D Project Bonds are reported on p. 2. Program: 501(c)(3) Revenue Bonds Extraordinary Conditions: None. No IFA Funds at risk. No State Funds at risk directly or indirectly (*i.e., no Moral Obligation*).
BOARD ACTION	Final Bond Resolution (one-time consideration). *No prior Voting Record.*
MATERIAL CHANGES	None. This is the first time this financing has been presented to the IFA Board.
JOBS DATA	811 (FT & PT) Current jobs; 155 New jobs projected (36 University; 119 private sector) N/A Retained jobs; 150 peak; 75 average Construction jobs projected (18 -20 months)
DESCRIPTION	● Location: North Chicago/Lake/Northeast ● Type of Borrowers: (1) Rosalind Franklin University of Medicine & Science, an Illinois not-for-profit corporation and a 501(c)(3) corporation originally founded in 1912 as The Chicago Hospital-College of Medicine, is an affiliate of Rosalind Franklin University Health System. (2) TUFF RFUMS 1 LLC is a special-purpose Georgia limited liability company whose sole member is The University Financing Foundation, Inc. ("TUFF"), a Georgia nonprofit corporation. TUFF formed TUFF RFUMS 1 LLC specifically to develop, finance, and own the Research Building project on behalf of the University.
STRUCTURE	Key features of this multi-tranche financing: 1. This plan of finance will involve rated bond issues (S&P/Fitch) that will be underwritten by BofA Merrill Lynch for two distinct borrowing entities: (a) the University will be the obligor on the Refunding Bonds (IFA Series 2017A-B Bonds) while (b) the University's developer for the Research Building (i.e., TUFF RFUMS 1 LLC) will borrow the proceeds of the IFA Series 2017C-D Bonds. *2.* Summary of Development/Finance/Leaseback Agreement on the Research Building: The University will ground lease the site to TUFF RFUMS 1 LLC. TUFF RFUMS 1 LLC will develop and own the Research Building and will enter into a Building Lease Agreement with the University. *The Series 2017C-D Project Bonds will be payable solely from amounts paid by the University under a facilities lease with TUFF RFUMS 1 LLC (and any affiliates of TUFF or any assigns thereof).* 3. Comments on Bondholder Security and Ratings: applicable to all four series of Bonds – Series 2017A-B-C-D: Furthermore, it is anticipated there will be an Intercreditor Agreement under which the University will pledge all Unrestricted Operating Revenues to secure all four series of Bonds (i.e., Series 2017A-D) on a Parity Basis. *Accordingly, the Series 2017A-D Bonds will be Parity Indebtedness of the University for bondholder security and rating agency purposes.* 4. The Series 2017C-D Bondholders (Project Bonds) will also be secured by an Assignment of Leases and Rents between TUFF RFUMS 1 LLC and the Bond Trustee. *(Again, the Building Lease will be between the*

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STRUCTURE (CONT'D.)

University (as Tenant) and TUFF RFUMS 1 LLC (as Owner) under which the University will be obligated for all lease payments, which are expected to be sufficient to service payments on the Series 2017C-D Bonds.)

5. In addition to a Tax-Exempt Bond Series in connection with of the two financings, there will also be a Taxable Bond Series issued in connection with each of the two financings (i.e., Series 2017B and Series 2017D) for the following purposes: (a) the University's Taxable Series 2017B Bonds will pay termination fees on a non-integrated interest rate swap (associated with the to-be-refunded Series 2003 Bonds), and (b) the "*Taxable Leased Units*" in the new Research Building that will be financed with proceeds of TUFF RFUMS 1 LLC's Taxable Series 2017D Bonds and will not be subject to Tax-Exempt Bond proceeds usage requirements.
6. Allocated space associated with the Taxable Leased Units (i.e., initially estimated at approximately 35% of the 100,000 SF building space) would then be eligible to be partially refinanced with proceeds of a prospective New Markets Tax Credit ("NMTC") Financing that would be structured to close subsequent to the anticipated July 2017 closing date for the IFA Series 2017D Bonds).
7. Final Maturity Date and Interest Rates: (40-year parameter pursuant to the Bond Resolution). Interest Rates: assume a mix of serial and term bonds to be determined based on market conditions for both the Tax-Exempt Series 2017A/Series 2017C and Taxable Series 2017B/Series 2017D Bonds.

CREDIT INDICATORS

● The University has initially applied to both S&P Global Ratings and Fitch Ratings for private long-term ratings in connection with the proposed Series 2017A-B Bonds, which will be a direct general obligation of the University, as well as the Series 2017C-D Project Bonds, which will be payable solely from Unrestricted Operating Revenues of the University pursuant to a Building Lease with TUFF RFUMS 1 LLC (or any other affiliate of TUFF, as previously defined, organized for this purpose). *All four series will be rated by S&P and/or Fitch.*

● The Underwriter (BofA Merrill Lynch) anticipates equivalent long-term investment grade ratings on all four series of Bonds.

ESTIMATED SOURCES AND USES – ROSALIND FRANKLIN UNIVERSITY - SERIES 2017A-B REFUNDING BONDS – *SUBJECT TO CHANGE*

Sources:		**Uses:**	
Series 2017A Tax-Exempt Refunding Bonds (Series 2003 & 2012)	$56,655,000	Refunding Escrow	$58,787,534
Series 2017B – (Taxable Revenue Bonds) Swap Termination	7,370,000	Swap Termination Expenses (Taxable Bond Proceeds)	7,221,900
Premium	3,264,934	Costs of Issuance	1,280,500
Total	**$67,289,934**	**Total**	**$67,289,934**

ESTIMATED SOURCES AND USES – RESEARCH BUILDING PROJECT BONDS - *SUBJECT TO CHANGE*

Sources:		**Uses:**	
Series 2017C – New Money (Tax-Exempt Project Bonds)	$30,715,000	Tax-Exempt Project Fund	$28,447,759
Series 2017D – New Money (Taxable Project Bonds)	17,170,000	Taxable Project Fund	15,318,024
Premium	1,267,915	Capitalized Interest during Constr.	4,429,432
		Costs of Issuance – Tax-Exempt	614,300
		Costs of Issuance - Taxable	343,400
Total	**$49,152,915**	**Total**	**$49,152,915**

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June 8, 2017

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RECOMMENDATION	Credit Review Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 8, 2017

Project: **(I) $80,000,000 (not-to-exceed) Rosalind Franklin University of Medicine & Science (Series 2017A Tax-Exempt Refunding Bonds and Series 2017B Taxable Bonds) and (II) $60,000,000 (not-to-exceed) Series 2017C Tax-Exempt Project Bonds and Series 2017D Taxable Project Bonds (Rosalind Franklin University Research Building Project)**

STATISTICS

IFA Project:	12394 (New Money - Series C&D) 12395 (Refunding- Series A&B)	Amount:	$140,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	North Chicago	County/ Region:	Lake/Northeast

BOARD ACTION

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

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VOTING RECORD

None. This is the first time this financing has been presented to the IFA Board.

PURPOSE

The University will be refinancing 100% of the outstanding balances of its Series 2003 and 2012 Bonds with proceeds of IFA Series 2017A Tax-Exempt Refunding Bonds and Series 2017B Taxable Revenue Bonds (the combined not-to-exceed amount of Series 2017A-B Bonds is $80,000,000). The Series 2017B Taxable Revenue Bonds will pay swap termination fees.

Additionally, the University and TUFF have requested the Authority to issue up to $60 million of Series 2017C Tax-Exempt Bonds and Series 2017D Taxable Bonds for the purpose of loaning the proceeds thereof to TUFF RFUMS 1 LLC, a special purpose entity created by The University Financing Foundation, Inc., a Georgia corporation. The University and TUFF RFUMS 1 LLC are entering into a Lease Agreement under which the lease payments to service debt on the Series 2017C-D Bonds will solely be the obligation of the University.

To effectuate development of the Research Building (and enable a partial redemption of the Series 2017D Taxable Bonds that will finance a portion of the development costs of the Research Building associated with prospective taxable users), a prospective New Markets Tax Credit financing will be pursued independently and subsequently to closing of the IFA Series 2017C-D Bonds. A New Markets Tax Credit Financing would create forgivable, subordinate debt and accelerate deleveraging of the Research Building Project.

- The University will enter into a 42-year Ground Lease Agreement with **TUFF RUMS 1 LLC**, a Georgia limited liability company of which **The University Financing Foundation, Inc.** ("**TUFF**", the "**Foundation**", or the "**Parent**"), a Georgia corporation, is the sole member.
- The University will also enter into a 30-year Building Lease Agreement with the TUFF RUMS 1 LLC (i.e., the Building Lease term will terminate 30 calendar years after the scheduled building completion date (the anticipated completion date will occur in early-to-mid calendar year 2019 (with construction beginning in late calendar year 2017).

Bondholder security for the Series 2017C-D Research Building Bonds is described on pp. 5-7. Background information on TUFF RFUMS 1 LLC and TUFF is presented on pp. 9-10.

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.

- The facilities to be refinanced with the proceeds of the Series 2017A-B Bonds are owned and operated by the University and constitute "educational facilities" pursuant to the Illinois Finance Authority Act.

- The Research Building facilities to be financed with proceeds of the Series 2017C-D Project Bonds will be owned by TUFF RFUMS 1 LLC and operated by the University pursuant to a Building Lease and will constitute "industrial projects" or "educational facilities" as defined pursuant to the Illinois Finance Authority Act.

VOLUME CAP

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

FINANCING SUMMARY: Series 2017A-B-C-D Revenue Bonds

(I) Series 2017A Refunding Bonds and Series 2017B Taxable Revenue Bonds and (II) New Money Bonds – Series 2017C Tax-Exempt Project Revenue Bonds and Series 2017D Taxable Project Revenue Bonds

<u>Summary of Parity Bond Structure across the Series 2017A-B-C-D Bonds:</u>

The Bonds will be issued pursuant to four separate Indentures as four separate issues of Bonds but will be secured on a Parity Basis pursuant to an Intercreditor Agreement executed by the bondholders for each of the four series. All bondholders will be secured by the University's pledge of Unrestricted Operating Revenues.

(I) The Series 2017A Tax-Exempt Refunding Revenue Bonds and Series 2017B Taxable Revenue Bonds (*<u>Obligor:</u>* Rosalind Franklin University of Medicine and Science)

Structure/ Security: The plan of finance contemplates the public offering of the Series 2017A-B Bonds, underwritten by **BofA Merrill Lynch** (the "**Underwriter**") and sold on a fixed rate basis. The University is the direct obligor on the Series 2017A-B Bonds. The obligations of the University under the Series 2017A and Series 2017B Loan Agreements are the general obligations of the University payable from a pledge of Unrestricted University Revenues. The University will be refunding the following series of variable rate bonds on a fixed rate basis as a result of this financing (which will be rated by S&P and Fitch as discussed further below):

- The Series 2003 Bonds to be refunded currently bear interest in 7-day Variable Rate Mode and are currently secured by a Direct Pay Letter of Credit from JPMorgan Chase Bank, N.A.
- The Series 2012 Bonds to be refunded are currently held by JPMorgan Chase Bank, N.A. in a Bank Purchase Mode Term.

Underlying Rating: The University is currently a nonrated entity but has applied for long-term bond ratings from both S&P and Fitch in connection with the Series 2017A-B Bonds (and debt associated with the Series 2017C-D Bonds as described further below (p. 6)).

The Series 2017 Bonds will be the first time the University has applied for a rating. The University's outstanding bonds are (i) secured by a Bank Letter of Credit (IHFA Series 2003 –

JPMorgan Chase Bank, N.A. is the Direct Pay LOC Bank) or (ii) directly held by a Bank (IFA Series 2012 – JPMorgan Chase Bank, N.A - purchased directly).

Because of the Series 2017A-B Bonds are being secured by a pledge of the University's Unrestricted Operating Revenues on a Parity Basis with the Series 2017C-D Bonds (discussed below), all four series of 2017 Bonds are expected to be assigned identical ratings by S&P and Fitch.

Interest Rates: Both (i) a Tax-Exempt Series (Series 2017A) and (ii) a Taxable Series (Series 2017B) will be issued. The Bonds will be sold at fixed rates to be determined at pricing.

Maturity: The final maturity date of the Series 2017A Refunding Bonds (Tax-Exempt) is expected to be no later than June 30, 2048 (31 years), while the estimated final maturity date on the Series 2017B Taxable Refunding Bonds (financing the swap termination fees in connection with the Refunding) is June 30, 2025 (8 years – preliminary and subject to change).

In comparison, the current final maturity dates of the Series 2003 Bonds and Series 2012 Bonds that will be refunded are November 1, 2032 (15+ years) and February 1, 2032 (15 years), respectively.

Rationale – Refunding Bonds: The proposed Series 2017 Bonds will extend the final maturity date on the University's existing Bonds by 16 years (i.e., from 2032 to 2048) thereby reducing debt service payments for the University. Additionally, the proposed Refunding Bonds will enable the University to convert all of its outstanding debt (comprised of the Series 2003 and Series 2012 Bonds) from variable interest rates to fixed rates set through maturity. The Refunding Bonds will also eliminate the need for the University to enter into future interest rate hedging agreements (to provide synthetic fixed rates) going forward.

The Refunding Bonds will reduce the University's annual debt service payments associated with its 2003 and 2012 Bonds materially (also reflecting the extension of the final maturity dates from 2032 to 2048), thereby freeing up cash flow that will help enable the University to undertake strategic initiatives, including development and financing of the Research Building (that will be financed with the New Money Series 2013C-D Project Bonds).

Estimated Closing Timetable: July 2017

II – New Money Bonds – Series 2017C (Tax-Exempt) and Series 2017D (Taxable) - Rosalind Franklin University Research Building Project

IFA is issuing the Series 2017C Tax-Exempt Bonds and loaning the proceeds to **TUFF RFUMS 1 LLC,** a special purpose Georgia limited liability company formed by **The University Financing Foundation, Inc. ("TUFF"),** a 501(c)(3) Georgia nonprofit corporation for the purpose of paying the costs of development, construction, and equipping of approximately *65,000 square feet (*preliminary, subject to change) of a 100,000 square foot multi-tenant office, classroom and lab facility (with associated surface parking) to be leased to the University (the "Tax-Exempt Project Facilities") and to pay other financing costs authorized by the Bond Resolution.

IFA is issuing the Series 2017D Taxable Bonds and loaning the proceeds to TUFF RFUMS 1 LLC for the purpose of paying the costs of the development, construction and equipping of the remaining approximately *35,000 square feet (*preliminary, subject to change) (i.e., the "Taxable Project Facilities") and to pay other financing costs authorized by the Bond Resolution.

TUFF RFUMS 1 LLC will develop and own the Research Building and will lease the Research Building to the University pursuant to a Building Lease Agreement.

<u>Research Building Lessee:</u> Rosalind Franklin University of Medicine and Science

Structure/ Security: The plan of finance contemplates the public offering of the Series 2017 C-D Bonds, underwritten by **BofA Merrill Lynch** (the "**Underwriter**").

Pursuant to the Building Lease, the TUFF RFUMS 1 LLC Series 2017C-D Bondholders will be secured (i) by a collateral assignment of rents and leases (i.e., the Building Lease Payments by the University to TUFF RFUMS 1 LLC) and (ii) a pledge of all Unrestricted University Revenues. **These security provisions will provide the basis on which both S&P and Fitch will rate the Series 2017C-D Bonds (as well as the Series 2017A-B Bonds). Again, all four series of 2017A-B-C-D Bonds will be secured by a Pledge of the University's Unrestricted Operating Revenues on a Parity Basis.**

Underlying Rating: **Because of the Series 2017C-D Bonds are being secured by a Pledge of the University's Unrestricted Operating Revenues on a Parity Basis with the Series 2017A-B Bonds (as further evidenced by an Intercreditor Agreement executed by the holders of all four series of 2017 Bonds), all four series of 2017 Bonds are expected to be assigned identical ratings by S&P and Fitch.**

Special Redemption Provisions to Enable Subsequent NMTC Transaction for Research Building Project - Series 2017D Bonds: There will be redemption provisions included in the Taxable Series 2017D Bonds Trust Indenture that will enable a possible partial refinancing of the IFA Series 2017D Bonds with subordinate debt created through a subsequent New Markets Tax Credit ("NMTC") transaction (if pursued as now contemplated). <u>Rationale for pursuing a New Markets financing:</u> The University and TUFF are planning to seek an allocation of New Markets Tax Credits to further support this financing.

A subsequent New Markets Tax Credit financing could enable the University to refinance a portion of any outstanding Taxable Series 2017D Bonds under more favorable terms (and, prospectively, with forgivable subordinate debt).

Interest Rate: Both (i) a Tax-Exempt Series (Series 2017C) and (ii) a Taxable Series (Series 2017D) will be issued. The Bonds will be sold at fixed rates to be determined at pricing.

Maturity: The not-to-exceed parameter for the Bond maturity will be 40 years. (Estimated final maturities for the Series 2017C-D Bonds are for 30 years following completion of the Project.)

Rationale – New Money Bonds: The Series 2017C Tax-Exempt Bonds will benefit the University by financing the Tax-Exempt Units in the Research Building (to be used by qualified governmental and 501(c)(3) tenants) and finance an estimated 65% of the Research Building facility.

The New Money Bonds will enable the University to construct a new Research Building with proceeds of the Series 2017C-D Bonds, thereby enabling the University to attain a long-term strategic initiative.

The financing structure will enable a prospective **New Markets Tax Credit** ("**NMTC**") financing to refinance a portion of the IFA Taxable Series 2017D Bonds, thereby providing additional flexibility to the University to finance under the most favorable terms available (while enabling the Series 2017D Bonds to be priced at today's interest rates).

A subsequent NMTC financing could potentially (i) reduce the dollar amount of senior bond financed debt on the Research Building while (ii) creating subordinate debt at favorable terms that could essentially be forgiven upon expiration of the 7-year New Markets Tax Credit compliance period.

Estimated Closing Timetable: July 2017

BUSINESS SUMMARY – Part I – Rosalind Franklin University of Medicine & Science
(the Obligor on the IFA Series 2017A-B Refunding Bonds)

Background – University: **Rosalind Franklin University of Medicine & Science** ("**RFUMS**", the "**University**" or the "**Refunding Borrower**") is an Illinois not-for-profit corporation and is a 501(c)(3) corporation originally founded in 1912 as The Chicago Hospital-College of Medicine (and, subsequently renamed the Chicago Medical School).

The University is governed by a Board of Trustees that is presently composed of 23 members (see Economic Disclosure Statement section on p. 11 for the 2016-2017 board listing).

Description – University: Rosalind Franklin University of Medicine and Science is a private research university with approximately 2,000 students enrolled in five colleges on a campus located in North Chicago, IL.

The University's campus consists of 22 buildings, three classroom, lab, and office buildings, one health clinic building, three residence halls, and 15 buildings donated to Rosalind Franklin by the Veterans Administration ("VA"). The University has 89 acres of deeded land in the city of North Chicago, IL, directly adjacent to the Lovell Federal (VA) Health Center and the Great Lakes Naval Base. The University also owns eleven additional acres south of the campus on which the University's Health Clinic building is situated.

History – University: Founded in 1911 and completing its first year of instruction in 1912, RFUMS began as The Chicago Hospital-College of Medicine (and later renamed the Chicago Medical School). Operations have grown to include the Dr. William M. Scholl College of Podiatric Medicine, the College of Health Professions, the School of Graduate and Post Doctorate Studies, and the College of Pharmacy.

The University was founded on a vision that the medical profession should be open to all people, including women, African Americans, and the working class. Admission would be based solely on academic merit and not be restrictive or exclusionary in any way.

Key Events since 1980 - University:

- In 1980, capitalizing on an opportunity to partner with the Veteran's Administration (VA) and the Department of Defense, the University relocated from downtown Chicago to North Chicago, IL on approximately 90 acres of land leased from and adjacent to the North Chicago VA facility and Great Lakes Naval Station.
- In 1993, the University was renamed the Herman M. Finch University of Health Sciences ("Finch University").
- In 2002, Finch University and the Scholl School of Podiatric Medicine merged under the Finch name and Scholl moved from Chicago to Finch's North Chicago campus.

- In 2004, the University was again renamed Rosalind Franklin University of Medicine and Science upon completion of a 140,000 SF addition (laboratories; classrooms; auditoriums) along with construction of 3 new student housing facilities.
- In 2011, the University created a College of Pharmacy and expanded again, building the 23,000 SF Morningstar Interprofessional Education Center.
- In 2013, the University opened its new, 73,000 SF Rothstein-Warden Centennial Learning Center. This facility eventually became home to a new, joint nursing program with DePaul University, under which DePaul expanded its Master's Entry into Nursing Practice degree program at Rosalind Franklin's North Chicago campus.
- In 2016, the University entered into an agreement with Centegra Health Systems to open a branch campus in Huntley, Illinois, adjacent to Centegra Huntley Hospital in 30,000 SF of leased space.

The mission of RFUMS is to serve the nation through the education of health and biomedical professionals and the discovery of knowledge dedicated to improving professional education, community service, and research.

Instruction, Medical Research, and Patient Care: An overview of the University's core activities follows below.

Instruction - The primary purpose of the University is to educate and train medical and other healthcare professionals. The University's students are each seeking advanced degrees and professional training (and enrolling in Master's or Doctoral programs).

The University currently offers over 30 study programs in graduate health-related subjects including Ph.D. programs for medical and basic research. Facilities include a multi-media laboratory, a virtual microscopy lab, a simulation center gross anatomy lab, and the Education and Evaluation Center, with high-tech opportunities for education and research.

Research - A core component of the University's mission is the discovery of knowledge dedicated to improving the health of the general population. In addition to instruction, many University faculty members are engaged in both University-funded and externally funded research projects. Primary areas of research include Viral Oncology; Neuroscience of Addiction; Alzheimer's, Parkinson's, and Huntington's Diseases; Drug Discovery – Cystic Fibrosis; Genetic Diseases; Immunology/Inflammation; Gait, Fall Prevention, Balance; and Reproductive Immunology.

The University owns 22 patents, 17 awarded in the last five years, and 11 in the past two years. An additional 17 filed patents are pending in the U.S. while 13 foreign patents are pending.

Start-up Ventures: The University's researchers have attracted investors and created four new start-up companies to help in moving from bench research to clinical research in the last three years.

Collaborative Research with academic institutions, healthcare entities, and for-profits (biomedical research and pharmaceutical companies: The University undertakes collaborative research with several institutions headquartered in Illinois including: DePaul University (Chicago), Northern Illinois University (DeKalb), Lovell Federal Healthcare Facility (North Chicago), Advocate Lutheran General Hospital (Park Ridge), AbbVie (North Chicago), or with substantial operations in Lake County, Illinois including: Hollister (HQ – New Albany, OH), Lundbeck (HQ - Copenhagen, Denmark), and other national and international companies: Mochida Pharmaceuticals (HQ – Tokyo, Japan); Ionis Pharmaceuticals (HQ – Carlsbad, CA), and Ironwood Pharmaceuticals (HQ - Cambridge, MA).

Patient Care - The University utilizes existing laboratory facilities and personnel to process lab tests for reproductive immunology. Specimens are originated from the Rosalind Franklin University Health System and through outside clinics, private physicians, and diagnostic centers. Annual testing volume averages approximately 68,000 cases.

The *Scholl Foot and Ankle Center* at the Rosalind Franklin University Health System is a fully functioning podiatry clinic that also serves as a training facility for students from the Dr. William M. Scholl College of Podiatric Medicine.

Enrollment – All Instruction Programs:

RFU Enrollment - All Colleges (FYE June 30)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (@ 12/31/2016)
Total Active Enrollment	1,856	1,985	2,021	2,030	2,009

The majority of the net enrollment increase reported above (from 1,856 in 2013 to 2,009 currently) has reflected enrollment growth in the College of Pharmacy (from 136 in 2013 to 271 currently) and the School of Health Professions (from 547 in 2013 to 609 currently). These increases were partially offset by declines associated with the Chicago Medical School (from 763 to 747), the School of Graduate and Postdoctoral Studies (from 36 to 29), and the Scholl College of Podiatric Medicine (from 374 to 353).

BUSINESS SUMMARY – Part II – TUFF/RFUMS 1 LLC and The University Financing Foundation, Inc. (or "TUFF") – the Developer and Owner of the Rosalind Franklin University Research Building Project financed with the Series 2017C-D Project Bonds)

Background on TUFF – Parent Entity of TUFF RFUMS 1 LLC - Developer / Owner of the Research Building Project: **The University Financing Foundation, Inc. ("TUFF"** or the **"Parent")** is the sole member of **TUFF RFUMS 1 LLC.** TUFF RFUMS 1 LLC is the sole obligor/borrower under the loan agreements relating to the proposed IFA Series 2017C-D Project Bonds for the Research Building. TUFF will not be responsible for payments due under either Loan Agreement relating to the Series 2017C-D Project Bonds.

TUFF was incorporated on May 11, 1982, as Georgia Scientific and Technical Research Foundation, Inc. and received a determination letter dated August 30, 1983, from the Internal Revenue Service recognizing TUFF as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (as successor to the Internal Revenue Code of 1954) (the "Code"), exempt from taxation under Section 501(a) of the Code.

TUFF and its wholly-owned limited liability companies have financed 25 major facilities (comprising over 2,700,000 square feet) and various equipment using tax-exempt and taxable bonds and other financing structures totaling approximately $1,023,000,000 (including refinanced debt) − a total of 43 financing events. Facilities previously financed by TUFF and its affiliates include the following facilities at various college and university campuses:

- a major research building for Georgia Tech consisting of approximately 200,000 square feet of office and laboratory space;
- a 52-acre campus with approximately 160,000 square feet of office and laboratory space (acquired in the early 1980s and renovated in 2010) for Georgia Tech located in Cobb County, Georgia;
- a more than 21,000 square foot music performance hall and a two-building home for the School of Music at Georgia State University;
- a 166,000 square foot continuing education center for Kennesaw State University;
- student housing facilities for Savannah State University (660 beds), the University of Tennessee at Chattanooga (462 beds), Georgia State University in Atlanta (499 beds) and Morehouse College (375 beds) in Atlanta;
- a 120,000 square foot classroom facility for Gwinnett University Center;
- a central utility plant servicing over 30 buildings for Clark Atlanta University and Spelman College;
- a 25,000 square foot classroom and office facility for Savannah Technical College;
- the 218,000 square foot Technology Square Research Building (formerly known as the Yamacraw Design Center), an academic classroom and research building for Georgia Tech;

- two buildings totaling 96,000 square feet in Savannah, Georgia utilized by Georgia Tech as part of its School of Professional Education; and
- various facilities (totaling approximately 335,000 square feet) on the campus of Florida Institute of Technology, located in Melbourne, Florida.

Additionally, since 1993, TUFF has made loans of over $56,000,000 to finance equipment purchases and working capital, and to provide interim financing for land, construction and infrastructure improvements, to approximately two dozen colleges and universities in Alabama, California, the District of Columbia, Florida, Georgia, Massachusetts, North Carolina, Ohio, Pennsylvania, South Carolina, Texas and Utah.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Rosalind Franklin University of Medicine and Science, an Illinois not for profit corporation, has requested the Authority to issue multiple series of revenue bonds (the "**Bonds**"), in an aggregate principal amount not to exceed $140,000,000. The proceeds of the Bonds will be used to (i) currently refund all of the outstanding $57,500,000 original principal amount Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2003 (Herman M. Finch University of Health Sciences/The Chicago Medical School) (the "**Series 2003 Bonds**"); (ii) currently refund all of the outstanding $15,500,000 original principal amount Illinois Finance Authority Revenue Bonds, Series 2012 (Rosalind Franklin University of Medicine and Science Project) (the "**Series 2012 Bonds**" and, together with the Series 2003 Bonds, the "**Prior Bonds**"); (iii) make a payment resulting from the termination of an interest rate agreement related to the Prior Bonds; (iv) pay certain costs, including capitalized interest, if any, of acquiring, constructing, renovating, improving, furnishing and equipping an approximately four-story, 100,000 square foot research facility (the "**Research Building**") to be located on the University's main campus having the address commonly known as 3333 Green Bay Road in North Chicago, Illinois; (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Authority or the University; (vi) fund one or more debt service reserve funds, if deemed necessary or advisable by the Authority or the University; (vii) provide working capital, if deemed necessary or advisable by the Authority or the University; and (viii) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds (as hereinafter defined) and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

<u>Note on Resolution Parameters vs. Initial Sizing Estimates:</u> the $140 million not-to-exceed amount (comprised of $80 million of Refunding Bonds and $60 million of New Money Bonds) is a not-to-exceed parameter. Based on preliminary estimates (May 2017), the estimated Refunding Bond issuance is approximately $64.1 million while the estimated New Money Bond proceeds total approximately $47.9 million.

ECONOMIC DISCLOSURE STATEMENT

Applicants/
<u>Obligors:</u> **IFA Series 2017A-B Refunding Bonds:**
Rosalind Franklin University of Medicine & Science, 3333 Green Bay Road, North Chicago, IL 60030 (c/o Mr. John Nylen, Vice President of Finance and Administration, 847-578-3252; john.nylen@rosalindfranklin.edu). <u>Note:</u> the University will be the tenant on the Series 2017C-D Bonds and will pledge all Unrestricted Operating Revenues to cover its underlying lease payments due to TUFF RFUMS 1 LLC to service debt on the Series 2017C-D Bonds.

Project Owner of the Rosalind Franklin University Research Building Project:
TUFF RFUMS 1 LLC, c/o The University Financing Foundation, Inc. ("TUFF"), 75 5th Street, NW, Suite 105, Atlanta, GA 30308; (404) 214-9200 (Contact: Kevin T. Byrne, President)

Applicants'
Websites: (1) www.rosalindfranklin.edu and (2) www.tuff.org

Project Names – 2 Financings: (1) Rosalind Franklin University Series 2017A Refunding Bonds and Series 2017B Taxable (Swap Termination) Revenue Bonds; (2) Rosalind Franklin University Research Building Project (Series 2017 C Tax-Exempt Revenue Bonds and Series 2017D Taxable Revenue Bonds)

Location: (1) Rosalind Franklin's North Chicago campus (Refunding Bonds) and (2) the new Rosalind Franklin University Research Building at 3333 Green Bay Road, North Chicago (Lake County), IL 60030

Organizations: (1) The Borrower on the Series 2017A-B Bonds, Rosalind Franklin University, is a 501(c)(3) Illinois Not-for-Profit Corporation
(2) The Developer/Owner of the Rosalind Franklin Research Building Project, TUFF RFUMS 1 LLC, is a Georgia limited liability company (and its Parent (i.e., The University Financing Foundation, Inc.) is a 501(c)(3) Georgia nonprofit corporation).

Board of Trustees – University: **(1) Rosalind Franklin University of Medicine & Science – Board of Trustees: 2016-2017**

Name	**Term**	**Position/Affiliation**
Gail L. Warden, MHA **(Board Chair)**	2017	President Emeritus Henry Ford Health System
Frank H. Mynard **(Vice Chair & Treasurer)**	2017	EVP North Shore Trust & Savings (Wintrust)
Sandra Bruce, MHA	2026	Retired President & CEO Presence Health
Lawyer L. Burks III, MBA, CPIM	2025	Vice President, Medical Products ITW
Judith Potashkin **(Faculty)**	2020	Professor of Cellular and Molecular Pharmacology
Allan Cohen, MBA, PhD	2026	Retired Investment Executive
Cheryl Kraff-Cooper, MD **(Alumni)**	2023	Practicing Ophthalmologist
Elizabeth Coulson, PT, MBA **(Alumni)**	2023	Former Illinois State Legislator, PT Chair
A. Michael Drachler, MD **(Alumni)**	2017	Practicing OB/Gyn Physician
Michael C. Foltz, JD, CPA, CFP	2021	Wealth Manager, Estate Planner
Sarah Garber, PhD **(Faculty)**	2019	Professor of Pharmaceutical Sciences
Vanessa Rose **(Student Trustee)**	2017	University Student Representative
Jack W. Hutter, DPM	2018	Practicing Podiatrist
David Leach, MD	2019	Retired CEO ACGME
Thomas G. Moore, PharmD, CFA	2021	Past President Hospira USA
Franklin D. Pratt, MD, MPHTM **(Alumni)**	2018	Medical Director LA County Public Health
Alan Weinstein, MBA	2024	Founder, Premier Health Alliance
Pamela Scholl **(Scholl Family)**	No Term	Chairman & President Scholl Foundation
Rosalind Franklin, CPCC ACC **(Franklin Family)**	No Term	Executive Coach
K. Michael Welch, MB, ChB **(President and CEO)**	No Term	University President and CEO

Board of Trustees – TUFF RFUMS 1 LLC:

(2) TUFF RFUMS 1 LLC – Developer/Owner of the Rosalind Franklin University Research Building Project: the sole member of TUFF RFUMS 1 LLC is The University Financing Foundation, Inc. of Atlanta, GA. **Current Board Members of The University Financing Foundation, Inc. include**:

- **Thomas Ventulett, Director, Chairman of Board of Directors.** One of the founding principals of Thompson, Ventulett Stainback & Associates, Inc., Tom Ventulett is Chairman Emeritus of the Board of Directors. Since the firm's inception in 1968, TVS has been honored with over 200 design awards including a National AIA Honor Award for McCormick Place in Chicago and Honor Award - Urban Design for the Pennsylvania Convention Center in Philadelphia. He is also a Trustee of the Georgia Tech Foundation. Mr. Ventulett has served as Director and Chairman of The University Financing Foundation Board since October of 2009.
- **Thomas H. Hall, III, Chief Executive Officer, Director.** The University Financing Foundation was co-founded in 1982 by Tom Hall with the goal of assisting colleges and universities in acquiring facilities, and equipment, through conduit tax-exempt bond financing. Mr. Hall worked with Georgia Tech and its Foundation in the formation of Technology Park / Atlanta and later served as the Foundation's Vice President and Director before joining White, Weld & Co., a brokerage and investment banking firm. In 1981, Tom joined Korn/Ferry, an international executive search firm, where he served as Managing Director with responsibilities for the Southeastern Region. Mr. Hall serves on the Georgia Tech Foundation, and is a past Trustee of the Georgia Tech Alumni Association and the Georgia Tech Facilities Corporation.
- **David M. McKenney, Director.** *Director* earned BS Physics and BIE degrees from Georgia Tech in 1960 and 1964, around a three-year stint as an officer in the Marine Corps. He spent eight years as a sales engineer and account executive with the Trane Company, during which time he earned an MBA from Georgia State University. In 1972 he joined his family's mechanical contracting firm, McKenney's, Inc., as vice president. He became President and CEO in late 1973 and for the next 36 years led that company's growth from approximately $5 million and 100 employees to over $200 million and 800 employees, becoming one of the largest privately held mechanical contracting and engineering firms in the U.S. Mr. McKenney has served as president of the Georgia Tech Alumni Association, a member of the Board of Georgia Tech Facilities and the Georgia Tech Foundation, and has served on the board of Bobby Dodd Institute for over 20 years as well as a trustee of two Taft-Hartley pension funds for over 30 years. Mr. McKenney serves as Chair of the TUFF's Audit and Finance Committees.
- **A.J. Robinson, Director.** A.J. Robinson is the President of Central Atlanta Progress (CAP) and the Atlanta Downtown Improvement District (ADID). CAP is a private business association founded in 1941, and it remains one of the most effective advocacy organizations in the city of Atlanta. Mr. Robinson was formerly the President of Portman Holdings. During his 22-year career with Portman, he managed the operations of the multi-dimensional real estate company, which had offices in Atlanta, Charlotte, Shanghai and Warsaw. Earning a Bachelor's Degree in Business Administration in 1977 from Emory University, Mr. Robinson furthered his education and, in 1980, graduated from the Harvard School of Business with Master's Degree in Business Administration. Mr. Robinson joined TUFF's Board in 2011. He serves as Chair of the Board's Compensation Committee

PROFESSIONAL & FINANCIAL

Auditors:	Crowe Horwath (**for RFU**)	Chicago, IL	
	Winham Brannon, P.C. (**for TUFF**)	Atlanta, GA	
Borrower's Counsel to Rosalind Franklin Univ.:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Hoffman Chad Doobay Redentor Magcalas
Borrower's Counsel to TUFF RFUMS 1 LLC:	Murray Barnes Finister LLP	Atlanta, GA	Teresa P. Finister
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Dan Bacastow Amy Cobb Curran Nancy Burke
Underwriter:	BofA Merrill Lynch	Philadelphia, PA	H. Jay Bellwoar Ted O. Matozzo Brian Fitzpatrick
Underwriter's Counsel:	Eichner Norris & Neumann PLLC	Washington, D.C.	Wade Norris Ryan George
Trustee:	U.S. Bank, National Association	Atlanta, GA	David Ferrell
Trustee's Counsel:	Butler Snow LLP	Atlanta GA	David Williams
Rating Agencies:	Fitch Ratings	New York, NY Chicago, IL	Joanne Ferrigan Susan Carlson
	S&P Global Ratings	Chicago, IL	Jessica Wood Jamie Seman
Borrower's Consultant (Real Estate):	HSA Commercial Real Estate, Inc.	Chicago, IL	Robert L. Titzer
Borrower's Counsel (Real Estate):	Knabe, Kroning & Bedell	Chicago, IL	Robert M. Knabe Linda J. Kroning
New Markets Tax Credit Counsel to TUFF:	Kantor Taylor Nelson Evatt & Decinca, P.C.	Seattle, WA	Tom Nelson
Real Estate Counsel to TUFF:	Morris Manning & Martin LLP	Atlanta, GA	Andrew Williams
Architect *(**Note - preliminary services only**; Architect not yet engaged*:	TVS Design	Atlanta, GA	Rob O'Keefe
General Contractor *(**Note - preliminary services only**; GC not yet engaged)*:	G3 Construction Group	Willowbrook, IL	Matt Guidarelli
IFA Counsel:	Greenberg Traurig, LLP	Chicago, IL	Matt Lewin
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	10
State Senate:	29
State House:	58

CONFIDENTIAL INFORMATION

Est. fee: $138,000 (based on $120,000,000 Estimated Par)

Source: Historical Financial Statements (based on audited financial statements) for the fiscal years ended 6/30/2014 through 6/30/2016 (conforming to publicly-disclosed information posted on the MSRB's EMMA website).

	Actual		
	June 30		
	2014	2015	2016
	(Actual Dollars)		
Income Statement:			
Gross Tuition	$ 77,126,622	$ 79,387,674	$ 82,769,536
Net Tuition after Financial Aid	73,161,023	75,508,463	76,861,807
Unrestricted Operating Revenues	103,197,116	106,759,087	108,633,296
Change in Operating Net Assets (Operating Net Income)	3,837,172	3,390,761	223,203
** Adjusted EBIDA	12,330,800	12,008,586	8,880,299
Balance Sheet:			
Current Assets	$ 31,652,991	$ 36,143,495	$ 31,553,144
Net PP&E	116,909,897	115,195,654	111,292,805
Other Non-Current Assets	81,446,782	85,137,291	84,202,263
Total Assets	**230,009,670**	**236,476,440**	**227,048,212**
Current Liabilities	20,274,165	23,239,198	22,343,611
Long - Term Debt	62,970,000	60,190,000	57,625,000
Other Non-Curr. Liab	47,803,012	52,974,609	57,912,108
Net Assets	98,962,493	100,072,633	89,167,493
Total Liab & Net Assets	**230,009,670**	**236,476,440**	**227,048,212**
Ratios:			
Debt/Fixed Charge Coverage (x)	2.63	2.52	1.86
Pro Forma Debt Coverage (x) *(i.e., 2020 debt service coverage using 2016 EBIDA)*			*1.32*
Current Ratio	1.56	1.56	1.41
Debt/Net Assets	0.74	0.72	0.81
Days Cash and Investments	101	111	87

** Adjusted EBIDA = Operating Net Income before Interest, Depreciation, and Amortization Expense (plus Rent Expense)