

March 12, 2013

\$2,500,000

Countryside Montessori Schools, Inc.

REQUEST	<p>Purpose: Bond proceeds will be loaned to Countryside Montessori Schools, Inc. (the “School” or “Borrower”) for the purpose of providing the Borrower with all or a portion of the funds to (i) refinance existing debt, (ii) finance acquisition of additional property at 1965 Pfingsten Road in Northbrook, Illinois, (iii) finance the construction and rehabilitation of additional classrooms to accommodate 7th and 8th grade students within the new building and to finance renovations and improvements at the Borrower’s existing campus, the main address of which is located at 1985 Pfingsten Road, Northbrook, Illinois, including, but not limited to connecting the buildings on the Borrower’s campus (collectively, the “Project”), and (iv) pay certain costs incurred in connection with the issuance of the Bond, all as permitted by the Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																
BOARD ACTION	Final Bond Resolution (<i>One-Time Consideration</i>)																
MATERIAL CHANGES	None – this is the first time this matter has been presented to the IFA Board of Directors.																
JOB DATA	<table border="0"> <tr> <td style="padding-right: 20px;">23</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">3</td> <td>New jobs projected (12-24 months)</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>25</td> <td>Construction jobs projected (6 months)</td> </tr> </table>	23	Current jobs	3	New jobs projected (12-24 months)	N/A	Retained jobs	25	Construction jobs projected (6 months)								
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DESCRIPTION	<ul style="list-style-type: none"> • Location: Northbrook / Cook County / Northeast • Type of entity: Countryside Montessori School is an Illinois not-for-profit corporation. • Countryside is a private, independent school for children in preschool through 6th grade which draws students from Chicago's North and Northwest suburbs. • Countryside Montessori School is one of only 2 Montessori schools in Illinois to receive the highest recognition status for the full Montessori program granted by the Association Montessori Internationale (AMI) which was founded by Maria Montessori in 1929 to protect the integrity of her work. 																
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Borrower is a non-rated entity. • The IFA 501(c)(3) Revenue Bond (Countryside Montessori Schools, Inc. Project), Series 2013 will be purchased directly by Signature Bank, N.A. (the “Bond Purchaser”). The Bond Purchaser will be the secured lender and the direct bond investor. 																
SECURITY	<ul style="list-style-type: none"> • The Bond Purchaser will be secured by a first-priority mortgage and security interest in the real property and all fixtures, equipment and other personal property related to or used in connection with the real property of the Borrower located at 1985 Pfingsten Road and 1965 Pfingsten Road, all in Northbrook, Illinois. 																
MATURITY	<ul style="list-style-type: none"> • Not to exceed 25 years 																
INTEREST RATE	<ul style="list-style-type: none"> • The Bond Purchaser will establish a variable interest rate for an initial term of 10 years with a provision to enable the interest rate to be reset every 5 years thereafter until the final maturity date. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 4.00% and 6.00%. 																
SOURCES AND USES	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;">\$2,500,000</td> <td>Project costs</td> <td style="text-align: right;">\$3,210,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>802,400</u></td> <td>Legal & Professional</td> <td style="text-align: right;"><u>92,400</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$3,302,400</td> <td>Total</td> <td style="text-align: right;">\$3,302,400</td> </tr> </table>	Sources:		Uses:		IFA Bonds	\$2,500,000	Project costs	\$3,210,000	Equity	<u>802,400</u>	Legal & Professional	<u>92,400</u>	Total	\$3,302,400	Total	\$3,302,400
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Total	\$3,302,400	Total	\$3,302,400														
RECOMMENDATION	Credit Review Committee recommends approval.																

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 12, 2013**

Project: Countryside Montessori Schools, Inc.

STATISTICS

Project Number:	N-NP-TE-CD-8605	Amount:	\$2,500,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Northbrook	County/ Region:	Cook County/Northeast

BOARD ACTION

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

VOTING RECORD

None. This is the first time this matter has been presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be loaned to **Countryside Montessori Schools, Inc.** (the “**School**” or “**Borrower**”) for the purpose of providing the Borrower with all or a portion of the funds to (i) refinance existing debt, (ii) finance acquisition of additional property at 1965 Pfingsten Road in Northbrook, Illinois, (iii) finance the construction and rehabilitation of additional classrooms to accommodate 7th and 8th grade students within the new building and to finance renovations and improvements at the Borrower’s existing campus, the main address of which is located at 1985 Pfingsten Road, Northbrook, Illinois, including, but not limited to connecting the buildings on the Borrower’s campus (collectively, the “**Project**”), and (iv) pay certain costs incurred in connection with the issuance of the Bond, all as permitted by the 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 Bonds 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:		Uses:	
IFA Bonds	\$2,500,000	Project costs	\$3,302,400
Equity	<u>802,400</u>	Legal & Professional	<u>92,400</u>
Total	\$3,302,400	Total	\$3,302,400

JOBS

Current employment:	23	Projected new jobs:	3 (12-24 months)
Jobs retained:	N/A	Construction jobs:	25 (6 months)

FINANCING SUMMARY

Structure/
Security: The Bond will be purchased directly by Signature Bank, N.A. (the “**Bank**” or “**Bond Purchaser**”), and held as an investment. The Bank will be secured by a valid, perfected, first-priority mortgage and security interest in the real property and all fixtures, equipment and other personal property related to or used in connection with the real property real property of the Borrower located at 1945 Pfingsten Road, 1985 Pfingsten Road and 1965 Pfingsten Road, all in Northbrook, Illinois.

Interest Rate: The Bond Purchaser will set an initial fixed rate for 10 years (with reset provisions every 5 years thereafter), amortized over 25 years. During the construction period, interest-only payments will be made for the first 6 months; monthly principal and interest payments will begin thereafter. The interest rate will be set at pre-closing based on prevailing market conditions, currently estimated at between 4.00% and 6.00%.

Maturity: Final maturity date – 25 years from issuance date. Signature Bank’s initial interest rate period will be set for an initial term of 10 years (with corresponding reset provisions every 5 years thereafter).

Estimated
Closing Date: March, 2013

Rationale: The proposed financing will reduce monthly payments that (together with other funds available to the Borrower) will assist in helping Countryside Montessori Schools, Inc. keep its fixed charges (including debt service payments) as low as possible. Furthermore, the Project will allow Countryside to expand into much needed 7th and 8th grade. This will bridge the current gap in the area between elementary school and high school.

Additionally, it will provide for a larger campus and room for the school to continue to grow in the future. The school currently owns real property at 1945 Pfingsten Road and 1985 Pfingsten Road, all in Northbrook, Illinois. The purchase of real property at 1965 Pfingsten Road completes the campus.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Countryside Montessori Schools, Inc.** (the “**School**” or “**Borrower**”) for the purpose of providing the Borrower with all or a portion of the funds to (i) refinance existing debt, (ii) finance acquisition of additional property at 1965 Pfingsten Road in Northbrook, Illinois, (iii) finance the construction and rehabilitation of additional classrooms to accommodate 7th and 8th grade students within the new building and to finance renovations and improvements at the Borrower’s existing campus, the main address of which is located at 1985 Pfingsten Road, Northbrook, Illinois, including, but not limited to connecting the buildings on the Borrower’s campus (collectively, the “**Project**”), and (iv) pay certain costs incurred in connection with the issuance of the Bond, all as permitted by the Act (collectively, the “**Financing Purposes**”).

The estimated Project Costs are comprised of the following items (subject to change):

Land/Building Acquisition	\$720,000
Rehabilitation	100,000
New Construction	1,900,000
Architectural/Engineering	100,000
Reimburse Prior Costs/Refinance	<u>390,000</u>
Total	\$3,210,000

BUSINESS SUMMARY

Description: **Countryside Montessori Schools, Inc.** (“**Countryside**” or the “**Borrower**”) was established in 1967 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.

Countryside is governed by a 7-member Board of Directors (see p. 5).

Background: In 1967, Franklin C. and Annette B. Kulle founded Countryside Montessori School, starting operations in Glenview. Satellite classes were opened in Skokie in 1969 and in Northbrook in 1970. In 1971, they moved the school to its present site. The Elementary Program was added in 1972. A major addition was completed in 1995, and other renovations were completed in 1999. Today, Countryside has an enrollment of approximately 155 students. The school was incorporated in 1971.

Countryside Montessori School is one of only 2 Montessori schools in Illinois to receive the highest recognition status for the full Montessori program granted by the Association Montessori Internationale (AMI) which was founded by Maria Montessori in 1929 to protect the integrity of her work. The classes are multi-age, in keeping with the Montessori practice. The mixed age groups provide for peer teaching, role models and leadership experience; they also enhance the sense of community within the classroom. Since a successful Montessori environment depends so greatly on children having focused periods of time in which to complete tasks and activities, the school makes a priority of maximizing uninterrupted work time.

Above all, the school places the highest importance on serving the needs of the child. Everything in the classroom is designed to meet the developmental needs and interests of the children. There is no ceiling to what children can learn, and they are able to advance through the curriculum as they are ready, without being limited by the progress of their peers.

Countryside's traditional materials have been researched and developed during decades of classroom use. The teachers take great care in preparing the environment so that materials are arranged sequentially, children have comfortable work space and there is freedom of physical movement.

Countryside’s annual tuition ranges from \$10,900 for toddlers (16 – 36 mos.) to \$18,400 for middle school (12 – 14 years). Countryside Montessori School annually provides more than \$200,000 in financial assistance. These needs-based awards allow Countryside to increase the diversity of the school community.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Countryside Montessori Schools, Inc.

Contact: Wendy Calise, Head of School, 1985 Pflingsten Road, Northbrook (Cook County), IL 60062
T: (847)498-1105; E: wendy@countrysidemontessori.org

Website: www.countrysidemontessori.org

Site Locations: Current Properties: 1945 Pflingsten Road, Northbrook, IL
1985 Pflingsten Road, Northbrook, IL
Proposed Property: 1965 Pflingsten Road, Northbrook, IL

Project name: IFA 501(c)(3) Revenue Bond (Countryside Montessori Schools, Inc. Project), Series 2013

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

Seller Disclosure: The proposed real property being purchased with bond proceeds (1965 Pfingsten Road, Northbrook, IL) is currently owned by the Annette B. Kulle Trust.

The founders of Countryside Montessori Schools, Inc. (and current Board members), Annette B. Kulle and Franklin C. Kulle, serve as co-trustees of the Annette B. Kulle Trust.

Board of Directors:

**COUNTRYSIDE MONTESSORI SCHOOLS, INC.
BOARD OF DIRECTORS**

Martin Fishman, Chairman

John Kelly, Jr.

Donna Giannis

Peter Olsen

Linda Whitted

Frank Kulle

Annete Kulle

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Kelly, Olson, Michod, DeHaan & Richter, L.L.C.	Chicago, IL	Mark Costa
Auditor:	Mueller & Co., LLP	Elgin, IL	
Borrower's Advisor:	Total Capital Solutions, Inc.	Oak Park, IL	Tony Grant
Bond Counsel:	Peck, Shaffer & Williams, LLP	Chicago, IL	Tom Smith
Bank/Direct			
Bond Purchaser:	Signature Bank, N.A.	Chicago, IL	Pete Olsen
Bank Counsel:	Much Shelist, P.C.	Chicago, IL	Steve Stender
Architect:	Dobbins Group	Chicago, IL	
IFA Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Courtney Shea

LEGISLATIVE DISTRICTS

Congressional:	10
State Senate:	29
State House:	57
