

August 12, 2014

\$20,000,000 (not-to-exceed)
Rogers Park Montessori School

REQUEST	<p>Purpose: Bonds will be issued in one or more series and the proceeds thereof will be loaned to Rogers Park Montessori School (the “Borrower”), an Illinois not for profit corporation, to assist the Borrower in providing a portion of the funds necessary to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “School Facility”), including without limitation, an approximately 13,000 square foot expansion of the School Facility; the addition of classrooms, art, drama and music rooms, science spaces, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “Project”); (ii) refund all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Educational Facility Revenue Bonds (Rogers Park Montessori School Project) Series 2004 (the “Prior Bonds”); (iii) fund a debt service reserve fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; (iv) fund a capitalized interest fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; and (v) pay certain costs incurred in connection with the issuance of the Series 2014 Bonds, and the costs of refunding the Prior Bonds (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 (July 8, 2014) – Amendatory Bond Resolution: 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Gold; O’Brien; Pedersen; Vaught); 0 Vacant. Voting Record (June 11, 2013) – Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 5 Absent (Barclay; Leonard; Parish; Poole; Zeller); 1 Vacant.</p>																										
MATERIAL CHANGES	None.																										
JOB DATA	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">58</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">3</td> <td style="text-align: center;">New jobs projected (1-2 years)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">25</td> <td style="text-align: center;">Construction jobs projected (12 months)</td> </tr> </table>	58	Current jobs	3	New jobs projected (1-2 years)	N/A	Retained jobs	25	Construction jobs projected (12 months)																		
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DESCRIPTION	<ul style="list-style-type: none"> • Location: Chicago / Cook County / Northeast • Type of entity: Rogers Park Montessori School is an Illinois not-for-profit corporation. • Rogers Park Montessori School is a private, independent school that currently serves 385 children from age 2 to age 14. The proposed Project will add approximately 13,000 square feet of classrooms and other program space to its existing 47,000 square foot facility, and ultimately allow the School to increase enrollment to approximately 430-450 students. It will also allow the School to expand its foreign language, science, performing arts, visual arts and music curricula as well as allow the School to add badly needed outdoor learning and recreation space by building a rooftop play area. • The School was originally established in September 1966 by ten parents and operated in a rented church facility in Rogers Park. 																										
CREDIT INDICATORS	<ul style="list-style-type: none"> • The plan of finance contemplates an aggregate principal amount of up to \$20.0 million in Bonds issued on behalf of Rogers Park Montessori School and underwritten by B.C. Ziegler and Company (the “Underwriter”) in multiple series. • The plan of finance contemplates issuing Bonds in two series: IFA Senior Series 2014A Bonds and IFA Subordinate Series 2014B Bonds. (A portion of the IFA Senior Series 2014A Bonds will be sold on a taxable basis to finance a portion of the costs of issuance.) • The Borrower is a non-rated entity; accordingly, both the IFA Series 2014A Bonds and the IFA Series 2014B Bonds will be sold to Accredited Investors (i.e., Qualified Institutional Buyers and Accredited Investors) consistent with IFA Bond Program Handbook requirements. Bonds will be sold in minimum denominations of \$100,000. 																										
SECURITY	<ul style="list-style-type: none"> • Bondholders will be secured by a general obligation of the School. Additionally, Bondholders are expected to be secured by a mortgage and security interest in the School’s assets, properties, or funds. 																										
MATURITY	<ul style="list-style-type: none"> • Senior Series 2014A Bonds: 30 years (i.e., final maturity date in 2044); Subordinate Series 2014B Bonds: 15 years (i.e., final maturity date in 2029). 																										
INTEREST RATE	<ul style="list-style-type: none"> • The Tax-Exempt and Taxable Series 2014A Bonds and the Tax-Exempt Series 2014B Bonds will be underwritten at fixed interest rates that will be negotiated and established prior to closing and reflect prevailing market conditions. The current fixed interest rates are estimated at between 5.00% and 6.50%. 																										
SOURCES AND USES Estimated	<table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left;">Sources:</th> <th style="text-align: right;">Uses:</th> </tr> </thead> <tbody> <tr> <td>Senior Series 2014A Tax-Exempt Bonds</td> <td style="text-align: right;">\$17,470,000</td> </tr> <tr> <td>Senior Series 2014A Taxable Bonds</td> <td style="text-align: right;">345,000</td> </tr> <tr> <td>Subordinate Series 2014B Tax-Exempt Bonds</td> <td style="text-align: right;">2,045,000</td> </tr> <tr> <td>Borrower Equity</td> <td style="text-align: right;">1,600,000</td> </tr> <tr> <td>Series 2004 Debt Service Reserve Fund</td> <td style="text-align: right;">1,076,231</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$22,536,231</u></td> </tr> </tbody> </table> <table style="width: 100%; border: none; margin-top: 5px;"> <tbody> <tr> <td style="width: 50%;">New Project Costs</td> <td style="text-align: right;">\$9,644,803</td> </tr> <tr> <td>Refunding Escrow</td> <td style="text-align: right;">10,816,200</td> </tr> <tr> <td>Series 2014 Debt Service Reserve Fund</td> <td style="text-align: right;">1,251,750</td> </tr> <tr> <td>Repair and Replacement Reserve Fund</td> <td style="text-align: right;">162,240</td> </tr> <tr> <td>Costs of Issuance</td> <td style="text-align: right;">661,238</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$22,536,231</u></td> </tr> </tbody> </table>	Sources:	Uses:	Senior Series 2014A Tax-Exempt Bonds	\$17,470,000	Senior Series 2014A Taxable Bonds	345,000	Subordinate Series 2014B Tax-Exempt Bonds	2,045,000	Borrower Equity	1,600,000	Series 2004 Debt Service Reserve Fund	1,076,231	Total	<u>\$22,536,231</u>	New Project Costs	\$9,644,803	Refunding Escrow	10,816,200	Series 2014 Debt Service Reserve Fund	1,251,750	Repair and Replacement Reserve Fund	162,240	Costs of Issuance	661,238	Total	<u>\$22,536,231</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																										

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 August 12, 2014**

Project: Rogers Park Montessori School

STATISTICS

Project Number: N-NP-TE-CD-8629	Amount: \$20,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: Chicago	Co./Region: Cook 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 (July 8, 2014) – Amendatory Bond Resolution: 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Gold; O’Brien; Pedersen; Vaught); 0 Vacant.

Voting Record (June 11, 2013) – Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 5 Absent (Barclay; Leonard; Parish; Poole; Zeller); 1 Vacant.

PURPOSE

Bonds will be issued in one or more series and the proceeds thereof will be loaned to **Rogers Park Montessori School** (the “**Borrower**”), an Illinois not for profit corporation, to assist the Borrower in providing a portion of the funds necessary to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “**School Facility**”), including without limitation, an approximately 13,000 square foot expansion of the School Facility; the addition of classrooms, art, drama and music rooms, science spaces, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “**Project**”); (ii) refund all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Educational Facility Revenue Bonds (Rogers Park Montessori School Project) Series 2004 (the “**Prior Bonds**”); (iii) fund a debt service reserve fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; (iv) fund a capitalized interest fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; and (v) pay certain costs incurred in connection with the issuance of the Series 2014 Bonds, and the costs of refunding the Prior Bonds (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:	
Senior Ser. 2014A Tax-Exempt Bonds	\$17,470,000	New Project Costs	\$9,354,803
Senior Series 2014A Taxable Bonds	345,000	Fundraising Expenses/Owner’s Contingency	290,000
Subordinate Series 2014B Tax-Exempt Bonds	2,045,000	Refunding Escrow	10,816,200
Equity	1,600,000	Series 2014 Debt Service Reserve Fund	1,251,750
Series 2004 Debt Service Reserve Fund	<u>1,076,231</u>	Repair and Replacement Reserve Fund	162,240
		Costs of Issuance	<u>661,238</u>
Total	<u>\$22,536,231</u>	Total	<u>\$22,536,231</u>

JOBS

Current employment:	58	Projected new jobs:	3 (1-2 years)
Jobs retained:	N/A	Construction jobs:	25 (12 months)

FINANCING SUMMARY

Structure: The plan of finance contemplates an aggregate principal amount of approximately \$20.0 million in Series 2014 Tax-Exempt and Taxable Bonds offered in minimum denominations of \$100,000 and sold to Qualified Institutional Buyers and Accredited Investors consistent with IFA Bond Program Handbook requirements. The outstanding balance of the IFA Series 2004 Bonds will be current refunded within 90 days of the first optional redemption date (i.e., within 90 days of November 1, 2014).

The Senior Series 2014A (Tax-Exempt and Taxable) Bonds will be underwritten by B.C. Ziegler and Company (the “**Underwriter**”) and sold to Qualified Institutional Buyers and Accredited Investors (in minimum denominations of \$100,000) evidenced by investor letters.

The Subordinate Series 2014B (Tax-Exempt) Bonds will be underwritten by B.C. Ziegler and Company and sold with a select group of supporters of the School (each of whom shall meet the definition of Accredited Investor as evidenced by an investor letter). The Subordinate Series 2014B Bonds (Tax-Exempt) will be subordinated to both the Tax-Exempt Senior Series 2014A Bonds and the Taxable Senior Series 2014A Bonds.

Security: Investors will be secured by a general obligation of the School in connection with all IFA Series 2014 Tax-Exempt and Taxable Bonds. Additionally, Bondholders are expected to be secured by a mortgage and security interest in the School’s assets, properties, and funds.

Interest Rate: The Senior (Tax-Exempt and Taxable) Series 2014A Bonds and the Subordinate (Tax-Exempt) Series 2014B Bonds will each bear a fixed interest rate that will be negotiated and established prior to closing based on prevailing market conditions (and currently estimated at between 5.00% and 6.50%).

Maturity: The Senior Tax-Exempt and Taxable Series 2014A Bonds sold institutionally with payments amortized over 30 years (i.e., with a final maturity in 2044), as proposed.

The Subordinate Tax-Exempt Series 2014B Bonds will be underwritten with payments amortized over 15 years (i.e., with a final maturity in 2029), as proposed.

Estimated Closing Date: August/September 2014

Rationale: This Project will expand the educational opportunities for families seeking Montessori education. By adding classrooms/learning space, the School will have the ability to add approximately 50-70 new children to its current student population (primarily in its Middle School). Through a separate fundraising effort associated with the construction project, Rogers Park Montessori School expects to substantially increase its financial aid available to assist families who reside in the community.

The proposed Tax-Exempt Bonds will reduce monthly payments that will help Rogers Park Montessori School keep its fixed charges (including debt service payments) as low as possible. The proposed Taxable Bonds are being issued to pay a portion of the costs of issuance.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bonds will be issued in one or more series and the proceeds thereof will be loaned to **Rogers Park Montessori School** (the “**Borrower**”), an Illinois not for profit corporation, to assist the Borrower in providing a portion of the funds necessary to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “**School Facility**”), including without limitation, an approximately 13,000 square foot expansion of the School Facility; the addition of classrooms, art, drama and music rooms, science spaces, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “**Project**”); (ii) refund all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Educational Facility Revenue Bonds (Rogers Park Montessori School Project) Series 2004 (the “**Prior Bonds**”); (iii) fund a debt service reserve fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; (iv) fund a capitalized interest fund for the Series 2014 Bonds, if deemed necessary or advisable by the Borrower; and (v) pay certain costs incurred in connection with the issuance of the Series 2014 Bonds, and the costs of refunding the Prior Bonds (collectively, the “**Financing Purposes**”).

The outstanding Par Amount of the IFA Series 2004 Bonds was \$10,600,000 as of 7/1/2014, the most recent payment date.

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

Construction	\$7,786,695
Rehabilitation	225,026
Furniture and Fixtures	600,229
Architectural/Engineering	660,187
Legal/Professional	<u>82,666</u>
Total	\$9,354,803

BUSINESS SUMMARY

Description: **Rogers Park Montessori School**, an Illinois not-for-profit corporation (“**RPMS**”, the “**School**” 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.

Rogers Park Montessori School is governed by a 12-member Board of Directors (see p. 5).

Background: Rogers Park Montessori School was founded by ten Rogers Park parents in September of 1966 in a converted space at St. Ignatius parish. RPMS is a coeducational, day school for children ages two to fourteen (8th grade) guided by the philosophy of Maria Montessori based on standards set forth by the American Montessori Society (“**AMS**”), and recognized by the Illinois State Board of Education (“**ISBE**”).

By 1975, the School had relocated to Bethany Lutheran Church at 1244 West Thorndale Avenue. RPMS gradually expanded to offer a toddler class, five pre-school classes, and after-school care for working families. The RPMS elementary program was launched in 1991 and in three years, enrollment increased from 7 to 18 students. In 1994, RPMS opened a program for Ages 9-12, and in 1995, with the continued growth of the elementary program, new space was leased at 1020 West Bryn Mawr Avenue in the Edgewater Presbyterian Church. This building housed the School’s Age 6-9 and Age 9-12 classrooms and after-school elementary program.

The School’s growth and disparate physical operations resulted in a need to look for a single site to consolidate operations. This search spanned over 10 years. Finally in 2004, RPMS purchased and began construction of its current facility, a 47,000 square foot educational facility at 1800 W. Balmoral Ave. Thanks to the dedication of RPMS parents and donors, a new, state-of-the-art school opened in January 2006. The new RPMS facility incorporated the Montessori philosophy into its design and expanded capacity across all grade levels while offering Montessori programming to middle school age children (i.e., Ages 12-14) for the first time. The 2006 project

created a full-service, integrated school facility that also features a gymnasium, library, multi-purpose room, green roof, playgrounds, and green space.

The School emphasizes holistic education for children starting from infancy. In addition to the School's academic program, the School offers, daycare and after-school care for ages three to fourteen. The School's mission is to create an environment and curriculum that values each child's ability to reach maximum potential academically while developing skills necessary to advance peaceful resolutions to issues which arise at school and in common social interactions.

The School's commitment to providing for (i) the delivery of quality Montessori practices in a mixed age-group setting, (ii) high academic standards, while (iii) employing a highly skilled teaching staff, has earned RPMS a strong reputation. RPMS is accredited by the American Montessori Society and the Independent Schools Association of Central States and is recognized by the Illinois State Board of Education. The toddler program is licensed by the **Department of Children and Family Services** ("DCFS").

Additionally, the School holds memberships in the following associations:

- AIMS (Association of Illinois Montessori Schools)
- Independent School Management (ISM)
- North American Montessori Teachers Association (NAMTA)
- Dyslexia Association
- Illinois Reading Association
- Infant Mental Health
- National Association of Elementary School Principals
- Lake Michigan Association of Central States (LMAIS)

ECONOMIC DISCLOSURE STATEMENT

Applicant: Rogers Park Montessori School, 1800 West Balmoral, Chicago (Cook County), IL 60640

Contact: Ms. Karen Salmon, Board President: (T) 312-296-3725; email: salmonfish@me.com

Website: www.rpmschool.org

Site Locations: 1800 West Balmoral, Chicago (Cook County), IL 60640

Project name: IFA Educational Facility Revenue Bonds (Rogers Park Montessori School Project); Senior Series 2014A Bonds and Subordinate Series 2014 Bonds

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

Board of Trustees:

Michael Beirne	Co-Chair, Trustees Committee
David Brown	Co-Chair, Growth Committee
Trudy Cools	Secretary
Paul Kuzma	General Board Member
Danielle Loevy	General Board Member
Anthony Malcoun	General Board Member
Karen Salmon	President; Co-Chair, Growth and Trustees Committee
Debbie Senoff-Langford	Principal
Bill Stapel	Co-Chair, Business Finance Committee
Anna May Trala	Treasurer; Co-Chair, Business Finance Committee
Debbie Walters	General Board Member
Derek Zolner	Vice President; Chair, Advancement Committee

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Burke, Burns & Pinelli, Ltd.	Chicago, IL	Mary Ann Murray
Auditor:	John D Kopczyk, Ltd.	Chicago, IL	
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Underwriter:	B.C. Ziegler and Company	Chicago, IL	Scott Rolfs
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago, IL	Julie Seymour
Trustee:	US Bank	St. Paul, MN	Diane Carlson
Architect:	OLSEN/VRANAS Design (in consultation with B3 Architects)	Chicago, IL Santa Barbara, CA	
General Contractor:	Bulley & Andrews LLC	Chicago, IL	
IFA Counsel:	Cahill Law Office	Chicago, IL	Kevin Cahill
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

LEGISLATIVE DISTRICTS

Congressional:	5
State Senate:	7
State House:	13
