

March 10, 2015

**\$20,000,000**
**Midwestern University Foundation**

<b>REQUEST</b>	<p><b>Purpose:</b> The IFA Series 2015 Bonds will be issued in one or more series and proceeds from the sale of the Bonds will be used by <b>Midwestern University Foundation</b> (the “<b>Foundation</b>” or the “<b>Borrower</b>”), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the “<b>University</b>”, an Illinois not-for-profit corporation institution of higher education), and combined with certain other available funds to (i) finance private education loans to students of the University that attend the University’s Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, (iii) finance one or more debt service reserve funds for the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Series Bonds, if deemed necessary or advisable by the Borrower (collectively the “<b>Financing Purposes</b>”). The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois, as amended, and the Illinois Finance Authority Act, as amended.</p> <p><b>Volume Cap:</b> Because the underlying “users” of the Bond Proceeds will be private taxpayers (i.e., students), issuance of the proposed IFA Bonds will require up to \$20 million of Illinois Volume Cap. IFA already has set-aside sufficient Volume Cap in anticipation of this estimated \$15.0 million to \$20.0 million bond issue in 2015.</p> <p><b>Program:</b> Conduit Qualified Student Loan Revenue Bonds [issued pursuant to IFA statutory authority under the (Illinois) Higher Education Loan Act, as successor to the Illinois Educational Facilities Authority (“IEFA”).</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTION</b>	Amending and Restating IFA Final Bond Resolution approved on December 9, 2014 [which amends IFA Resolution 2014-1209-NP03 to reflect a revised (and simplified) financing structure].																								
<b>MATERIAL CHANGES/ VOTING RECORD</b>	<p><i>The IFA Bonds and Arizona Bonds will now each be issued under separate Trust Indentures and rated individually, rather than using a common Master Trust Indenture to secure both the Illinois and Arizona bonds, as originally contemplated.</i></p> <p><b>Voting Records:</b> (12/9/2014 – Final Bond Resolution): Yeas: 10; Nays: 0; Abstentions: 1 (Gold); Absent 4 (Lonstein; Parish; Tessler; Zeller), and (7/11/2014 – Preliminary Bond Resolution): Yeas: 11; Nays: 0; Abstentions: 0; Absent: 4 (Gold, O’Brien, Pedersen, Vaught)</p>																								
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Campus locations: Downers Grove/DuPage County/Northeast Region</li> <li>• Type of entity: Midwestern University Foundation is an Illinois nonprofit corporation established in 1994 to secure and manage private support to benefit Midwestern University (“<b>MWU</b>” or the “<b>University</b>”). The Foundation is a 501(c)(3) corporation and is the official fundraising arm of the University. The University is the sole member of the Foundation.</li> <li>• Originally founded in 1900 as the Chicago School of Osteopathy (based in Hyde Park), the University has since expanded its educational offerings, and relocated to Downers Grove in 1986 (becoming Midwestern University in 1992, after adding new professional and graduate health programs). Midwestern established a second campus in 1995 in Glendale, AZ. Today, Midwestern University provides professional graduate and post-graduate education and offers 16 different advanced degree programs in various fields of medicine, pharmacy, dentistry, and the health sciences.</li> </ul>																								
<b>PURPOSE/STRUCTURE/ SECURITY / ANTICIPATED RATINGS</b>	<ul style="list-style-type: none"> <li>• <b>Program Purpose and Background:</b> Please see “Program Purpose and Background” section on pages 3-4.</li> <li>• <b>Structure:</b> The plan of finance contemplates that the IFA Bonds will be sold in one or more series. The Foundation will pledge 100% of newly originated Illinois campus student loans funded from IFA Bond proceeds to the Trust and existing loans that will be pledged by the Foundation as equity). The transaction structure for the IFA Bonds will include both Senior 2015A Bonds and Subordinate 2015B Bonds that will each attain specific debt service coverage benchmarks necessary for the target ratings.</li> <li>• <b>Security/Anticipated Ratings:</b> The pledge of (i) 100% of the student loans funded from IFA bond proceeds, combined with (ii) the Senior/Subordinate structure, (iii) the additional pledged student loans pledged by the Foundation as equity, (iv) cash equity to be contributed by the Foundation, and (v) Midwestern University’s 30+ year low student loan borrower default history are all factors that are anticipated to result in high investment grade ratings on both the IFA Series 2015A Bonds (anticipated at “AA” or higher) and the IFA Series 2015B Bonds (anticipated “A” or better) from S&amp;P.</li> <li>• <b>Financing will be non-recourse to the Foundation and University:</b> The proposed IFA Student Loan Revenue Bonds will be non-recourse to both the Foundation and to Midwestern University and rated solely based on Illinois Trust Indenture and transaction structure. The Glendale Arizona Industrial Development Authority Bonds will be issued under its own indenture and rated according to its Indenture and transaction structure. (Informational Disclosure: The University has underlying long-term ratings of A-/A+ (S&amp;P/Fitch).)</li> <li>• RBC Capital Markets has been engaged by the Borrower to serve as Underwriter.</li> </ul>																								
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Not to exceed 40 years (final maturity will be based on rating agency feedback based on portfolio stress testing)</li> </ul>																								
<b>SOURCES AND USES – IFA BONDS ONLY (PRELIMINARY, SUBJECT TO CHANGE)</b>	<table border="0"> <thead> <tr> <th colspan="2" style="text-align: left;"><b>Sources:</b></th> <th colspan="2" style="text-align: left;"><b>Uses:</b></th> </tr> </thead> <tbody> <tr> <td style="width: 40%;">IFA Senior-Subord. Bonds</td> <td style="width: 20%; text-align: right;">\$15,000,000</td> <td style="width: 30%;">Student Loans</td> <td style="width: 10%; text-align: right;">\$15,000,000</td> </tr> <tr> <td>Foundation – Contributed Student Loans (Contributed Equity)</td> <td style="text-align: right;">1,500,000</td> <td>Capitalized Interest</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Foundation Cash Equity</td> <td style="text-align: right;"><u>1,750,000</u></td> <td>Debt Service Reserve Fund</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>750,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$18,250,000</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$18,250,000</u></b></td> </tr> </tbody> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Senior-Subord. Bonds	\$15,000,000	Student Loans	\$15,000,000	Foundation – Contributed Student Loans (Contributed Equity)	1,500,000	Capitalized Interest	2,000,000	Foundation Cash Equity	<u>1,750,000</u>	Debt Service Reserve Fund	500,000			Costs of Issuance	<u>750,000</u>	<b>Total</b>	<b><u>\$18,250,000</u></b>	<b>Total</b>	<b><u>\$18,250,000</u></b>
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<b>RECOMMENDATION</b>	The Credit Review Committee recommends approval.																								

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
March 10, 2015**

**Project:           Midwestern University Foundation**

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**STATISTICS**

Project Number:	N-NP-TE-CD-8678	Amount:	\$20,000,000 (not-to-exceed amount)
Type:	Student Loan Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
IL Campus		County/	
Location:	Downers Grove	Region:	DuPage County/Northeast

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**BOARD ACTION**

Resolution to Amend and Restate Final Bond Resolution (*Amending and Restating IFA Bond Resolution 2014-1209-NP03*)

Conduit Student Loan Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

Final Bond Resolution (December 9, 2014): Yeas: 10; Nays: 0; Abstentions: 1 (Gold); Absent 4 (Lonstein; Parish; Tessler; Zeller)

Preliminary Bond Resolution (July 11, 2014): Yeas: 11; Nays: 0; Abstentions: 0; Absent: 4 (Gold, O'Brien, Pedersen, Vaught)

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**PURPOSE**

The IFA Series 2015 Bonds will be issued in one or more series and proceeds from the sale of the Bonds will be used by **Midwestern University Foundation** (the "**Foundation**" or the "**Borrower**"), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the "**University**", an Illinois not-for-profit corporation institution of higher education), and combined with certain other available funds to (i) finance private education loans to students of the University that attend the University's Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, (iii) finance one or more debt service reserve funds for the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Series Bonds, if deemed necessary or advisable by the Borrower (collectively the "**Financing Purposes**"). *The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois, as amended, and the Illinois Finance Authority Act, as amended.*

The Bonds will be issued as qualified student loan bonds under Internal Revenue Code Section 144(b)(1)(B). Proceeds of the Bonds will be used to finance loans to qualified students enrolled at the University's Downers Grove, Illinois campus for Programs leading to a masters, doctorate, or other graduate or professional degree who have otherwise exhausted available sources of federal, state, and institutional grants and loans.

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**IFA PROGRAM AND CONTRIBUTION**

IFA is authorized (as successor to the Illinois Educational Facilities Authority) to issue conduit revenue bonds on behalf of education loan corporations and accredited institutions of higher education (including their affiliated foundations) pursuant to the **Higher Education Loan Act (20 ILCS 945)**. Proceeds of the IFA Bonds are then, in turn, loaned by the conduit education loan corporation (i.e., Midwestern University Foundation in this transaction) to current students (i.e., of Midwestern University's Downers Grove Illinois campus) to finance qualified costs of higher education as specified under the Internal Revenue Code. (Please see p. 11, "Note on IFA's Legislative Authority to Issue Student Loan Revenue Bonds", for additional information.)

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, with the interest rate benefit ultimately conveyed to each student loan borrower.

**VOLUME CAP**

As noted previously, because the ultimate beneficiaries of the IFA Bonds will be private taxpayers (i.e., students), issuance of Student Loan Revenue Bonds will be subject to an allocation of up to \$20 million of Illinois Volume Cap based on the current estimated transaction amount, as required under the Internal Revenue Code. (As noted previously, IFA has already set-aside sufficient prior-year Carryforward Volume Cap to enable the proposed Student Loan Revenue Bonds to be issued upon completion of all transaction legal and securities documentation.)

**ESTIMATED SOURCES AND USES OF FUNDS – IFA BONDS ONLY (Preliminary, subject to change)**

<b>Sources:</b>		<b>Uses:</b>	
IFA Senior 2015A Bonds	\$12,500,000	Student Loans:	\$15,000,000
IFA Subordinate 2015B Bonds	2,500,000	Capitalized Interest	2,000,000
Foundation – Pledged Student Loans (Equity)	1,500,000	Debt Service Reserve Fund	500,000
Foundation Cash Equity	<u>1,750,000</u>	Costs of Issuance	<u>750,000</u>
<b>Total</b>	<b><u>\$18,250,000</u></b>	<b>Total</b>	<b><u>\$18,250,000</u></b>

**JOBS**

Current employment:	600	Projected new jobs:	N/A (not a capital project)
Jobs retained:	N/A	Construction jobs:	N/A (not a capital project)

**Note:** These Bonds will be available for use by the Borrower to fund student loans to students at Midwestern University’s Downers Grove campus (irrespective of each student’s state of residency.)

**PROGRAM PURPOSE AND BACKGROUND**

**Program**

**Purpose:** In order to offer more favorable terms than are generally available to Midwestern University’s students under the federal GradPLUS Loan Program (“GradPLUS”), the University plans (through its affiliated Midwestern University Foundation) to offer loans directly to its students pursuant to the terms of this new bond-funded student loan program.

Funds for the current academic year 2015-2016 loans will be generated from (i) IFA Bonds Proceeds (loaned to Midwestern University Foundation), (ii) Midwestern University Foundation Pledged Loans (comprising equity of approximately \$1.5 million that would be allocated to loans for students at the Illinois campus and to secure the IFA Bonds), and (iii) \$1,750,000 of cash to be contributed by the Foundation to support the Illinois program transaction structure.

**IFA Bonds to be Issued under the Higher Education**

**Loan Act:** IFA will issue the subject Series 2015 Bonds pursuant to powers authorized under the **Higher Education Loan Act** (110 ILCS 945 or “HELA”), as successor to the Illinois Educational Facilities Authority (which itself absorbed the issuance authority of the former **Illinois Independent Higher Education Loan Authority** (“IHELA” in 1987)). IHELA was established under Illinois law effective September 1981.

IFA is authorized to issue conduit revenue bonds on behalf of higher education institutions for the express purpose of providing student loans using IHELA’s former powers as enumerated under HELA.

From 1982 to 1985, the Illinois Independent Higher Education Loan Authority issued approximately \$98.6 million of Bonds on behalf of six institutions (Northwestern University; DePaul University; Loyola University; Knox College; University of Chicago, Rush Medical School). Bond issue par amounts ranged from \$500,000 (Knox College) to \$22.0 million (Rush

Medical School). Most IIHELA Bonds carried maturities of up to 15 years. The last outstanding IIHELA Bonds matured in 1999.

Other federal loan programs superseded the IIHELA Bonds in use by each of the universities.

The proposed Series 2015 Bonds would be the first bond issuance by IFA using the HELA statutory powers since IFA's inception in 2004.

**Concurrent Issuance  
of \$15 Million of  
Student Loan Bonds  
by the**

**Glendale IDA:** Concurrently with the issuance of the proposed \$15 million of IFA Bonds, the University and Foundation contemplate a concurrent issuance of \$15 million of Student Loan Revenue Bonds by the Glendale (Arizona) Industrial Development Authority ("Glendale IDA") in order to capitalize a similar program to benefit the University's Arizona students. (Midwestern University Foundation is serving as the conduit borrower for both the IFA and Glendale IDA transactions.)

The IFA Bonds and Glendale IDA Bonds will each have its own stand-alone investment-grade rating based on their respective stand-alone Trust Indenture structures. Both issues will benefit from the University's 30+ years of strong student loan repayment history.

No proceeds or collateral (cash flows) relating to the IFA Bonds will be applied to make loans to students at the Glendale, AZ campus or to secure or repay the Glendale IDA Bonds (and vice versa).

**Comment on  
Need for  
Separate IFA  
and Arizona  
Bond Issues:**

Because Qualified Student Loan Revenue Bonds ultimately benefit private taxpayers (i.e., student borrowers), the subject Bonds require an allocation of Volume Cap from the State in which each respective borrowing will benefit resident students at each campus (pursuant to Internal Revenue Code requirements). The proposed IFA Bonds will require up to \$20 million of State of Illinois Volume Cap (which the Authority has already set-aside for this purpose from a 2013 filing using unused calendar year 2012 Volume Cap).

IFA Bond proceeds will be limited in use to qualified students at Midwestern University's Illinois campus in Downers Grove. (Similarly, use of the Glendale IDA Bond proceeds will be limited in use to qualified students at Midwestern University's campus in Glendale, AZ.)

[Separately, the Glendale IDA will be providing an estimated \$15 million allocation of State of Arizona Volume Cap to cover the Par amount of Glendale IDA Bonds (as required under the Internal Revenue Code) and enabling issuance of the Bonds for use by students at Midwestern's Arizona campus.]

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**FINANCING STRUCTURE:**

**Bond  
Structure:**

The IFA Bonds will be issued in two series (i.e., Senior Series 2015A Bonds and Subordinate Series 2015B Bonds). Each series of bonds is expected to be assigned a high investment grade rating based on Pledged Collateral as described in the following section (i.e., comprised of pledged cash flows, pledged loans, and cash equity) specified pursuant to the Trust Indenture.

Pledged

Collateral: The IFA Bonds will be secured by and payable solely from amounts payable by Midwestern University Foundation pursuant to terms of the underlying Financing Agreements relating to the IFA Bonds (and limited to loans and related assets in connection with Illinois student loans).

The obligation of Midwestern University Foundation to make payments to bondholders will be limited to the extent of student loans and related collateral that are pledged under IFA Bond Trust Indenture (the “**Pledged Collateral**”).

The Pledged Collateral will consist of the following (as defined under the Trust Indenture): (i) revenues (i.e., student loan repayments), (ii) funds held in accounts established under the IFA Trust Indenture, (iii) Illinois campus student loans contributed by the Borrower (i.e., Midwestern University Foundation), and (iv) the rights of the Borrower (i.e., Midwestern University Foundation) under any loan or servicing agreement with any Illinois student.

Bonds will be a  
Limited Obligation  
of the Foundation

and University: The Bonds will not constitute a debt, liability, or obligation of, nor will the Bonds be secured by any general revenues or assets of the Midwestern University Foundation, or any affiliate of the Foundation, including Midwestern University.

Additionally, according to HELA: “Bonds issued under authority of the Act (HELA) shall be obligations of the [Illinois Finance] Authority only, and not of the State of Illinois”, and “Nothing in the Act (HELA) shall be construed to authorize the Authority or any department, board, commission, or other agency to create an obligation of the State of Illinois within the meaning of the Constitution or Statutes of Illinois”.

Interest Rate:

Both sizing and interest rate modes are to be determined based on an evaluation of market conditions by the Foundation and its financing team at pricing based on pledged collateral (i.e., cash flows) under the Trust Indenture and from the anticipated IFA Senior Series 2015A/ IFA Subordinate Series 2015B structure.

Rating on the  
Proposed IFA  
and Glendale  
IDA Bonds:

The Foundation and its financing team anticipate that the IFA Bonds will be rated solely on the basis of the Pledged Collateral (i.e., combined cash flows from loans; prior student loans pledged by the Foundation; and, other cash equity) provided under the Trust Indenture.

The Borrower and Financing Team will be structuring the transaction to attain high investment grade ratings on both the contemplated IFA Senior Series 2015A Bonds (anticipated at “AA” or higher) and IFA Subordinate Series 2015B Bonds (anticipated at “A” or higher) from S&P.

Information  
Disclosure –  
Midwestern  
University’s  
Underlying

Credit Ratings: As noted previously, the subject IFA Bonds *will not* be supported with cash flows or otherwise guaranteed in any manner by Midwestern University. Midwestern University is currently rated “A-”/ “A+” long-term by S&P/Fitch (both ratings note a “Stable” Outlook).

Maturity:

Not-to-exceed 40 years (The anticipated final maturity date will be 25 years from the issuance date based on expected rating agency feedback.)

Estimated

Closing Date: April 2015

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### PROJECT SUMMARY (FOR AMENDED AND RESTATED FINAL BOND RESOLUTION)

The IFA Series 2015 Bonds will be issued in one or more series and proceeds from the sale of the Bonds will be used by **Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the “**University**”, an Illinois not-for-profit corporation institution of higher education), and combined with certain other available funds to (i) finance private education loans to students of the University that attend the University’s Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, (iii) finance one or more debt service reserve funds for the Series 2015 Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Series Bonds, if deemed necessary or advisable by the Borrower (collectively the “**Financing Purposes**”). The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois, as amended, and the Illinois Finance Authority Act, as amended.

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### BUSINESS SUMMARY – BACKGROUND ON PARTICIPANTS

The Foundation: **Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”) is an Illinois nonprofit corporation established in 1994 to act exclusively for scientific, scholastic, charitable and educational purposes for the benefit of Midwestern University (“**MWU**” or the “**University**”). The Foundation is an affiliate of the University under common management control (with common employees and several board members).

Established in 1994 as a supporting organization of MWU, the Foundation was inactive (and conducted no business, and had no revenues, assets or liabilities) until October 2002, when it took over financing of federal student loan programs on behalf of the University. From that time, the Foundation’s sole activity has been to finance the federal student loan programs of the University. Since 2002, and through the fiscal year which ended June 30, 2014, the Foundation financed approximately \$210 million of federally guaranteed student loans originated on behalf of the University’s students.

The Borrower is a 501(c)(3) not-for-profit entity exempt from federal income taxation under the Internal Revenue Code. The Foundation is governed by a 7-member Board of Directors (see page 10). The University is the sole member of the Foundation.

The University: Midwestern University is a private, Illinois not-for-profit corporation with 501(c)(3) status under the Internal Revenue Code.

Midwestern University was founded in 1900 as the Chicago School of Osteopathy. The University is a leading provider of graduate and post-graduate education in various fields of medicine and health sciences. The University’s degree programs are accredited by the major accrediting bodies within each field of specialization. The University’s program have experienced increasing demand over the past 10 years, have become increasingly selective, and have produced successful, high-earning graduates who have a strong repayment history on Midwestern-originated student loans over the past 30+ years.

The University relocated to its current main campus in Downers Grove (previously George Williams College) in 1986, and after adding several new professional programs became “Midwestern University” in 1992. The University established a second full-service campus in Glendale, Arizona in 1995.

The University presently has over 6,063 students across its Illinois and Arizona campuses. The University’s strong financial condition is evidenced by the University’s high investment grade ratings (“A-” / “A+” from S&P/Fitch).

The Illinois Board of Higher Education and the Arizona State Board for Private Postsecondary Education have approved all degree programs at the respective campuses under their authority, and all degrees are conferred by the authority granted by the applicable State Board. Additionally, Midwestern University's Downers Grove campus is regionally accredited by The Higher Learning Commission, a Commission of the North Central Association of Colleges and Schools.

Role of the  
Foundation in  
this Financing:

The Foundation will relend IFA Bond proceeds to eligible students under this Program and contribute up to \$3.25 million of combined (i) pledged loans and (ii) cash to the Trust Indenture on behalf of the IFA Bonds. Loan repayments derived from the Foundation's pledged loan portfolio and loans to be originated in the future with a portion of any cash contribution will provide additional cash flow that will help secure (i.e., and credit enhance) all IFA Bonds.

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**MIDWESTERN UNIVERSITY & MIDWESTERN UNIVERSITY FOUNDATION STUDENT LOANS --  
A 30+ YEAR STUDENT LOAN PERFORMANCE HISTORY:**

**1980 – 2012: MWU's Institutional Loan Program:**

- Was established in the 1980's as a University-capitalized revolving loan fund to assist students of the University's College of Osteopathic Medicine in meeting their tuition obligations to MWU;
- More recently, this program provided \$3.6 million of low-interest, fixed rate loans to Osteopathic Medicine students between 2006 and 2012;
- These loans have been serviced by ECSI (the proposed student loan servicer on loans funded from proceeds of the IFA Series 2015 Bonds – see page 9) since 2001.

**1988 – 2002: MWU's FFELP Graduate "School as Lender Program" - Phase I**

Financed by Midwestern University from proceeds of a revolving credit facility and loan purchase agreement by Sallie Mae ("FFELP" = Federal Family Education Loan Program)

- Loans originated with Sallie Mae advances, and subsequently sold to Sallie Mae at a small premium [i.e., approximately 101.5% of Par];
- Periodic loan sale proceeds were used to repay credit advances, thereby creating capacity for additional student loans.

**2002 – 2010: MWU's FFELP Graduate "School as Lender Program" – Phase II**

**Student loans funded by the Midwestern University Foundation through the issuance of \$145 million of Taxable Auction Rate Securities (ARS)** (ultimately secured by the Foundation's guaranteed student loans and related assets)

- Renegotiated borrower premiums allowed the Foundation/MWU to eliminate student loan origination fees;
- The collapse of the Auction Rate Securities market in February 2008 coupled with the elimination of the FFELP in mid-2010, led to the gradual unwinding of this "Phase II program" as follows:
  - MWU ceased lending under Phase II in May 2010, after providing nearly \$600 million of FFELP loans to its students;
  - The remaining student loans were "put" to the U.S. Department of Education in Fall 2010, soon after termination of the FFELP;
  - The Series 2009A Trust Indenture was collapsed and all \$65.0 million of LOC-Secured Variable Rate Demand Bonds were redeemed at Par;
  - The remaining Net Assets of \$6.0 million were released from the Series 2009A Indenture to the Foundation.

**2012 – Present: Foundation Direct Loans and Development of new Tax-Exempt Student Loan Revenue Bond Program**

- The Foundation will use a portion (\$6.5 million) of its assets to fund new student loans and to provide cash equity to support the Trust Indenture structures for both the IFA Bonds and the Glendale IDA Bonds (approximately \$3.25 million will be allocated to support each bond issue). Repayments from the Foundation's equity-funded loans will create additional dedicated cash flows under each Trust Indenture that will be available to cover a portion of the debt service payments due on the IFA Series

2015 Bonds (with separately pledged loans securing the Glendale IDA Series 2015 Bonds issued pursuant to its own Trust Indenture).

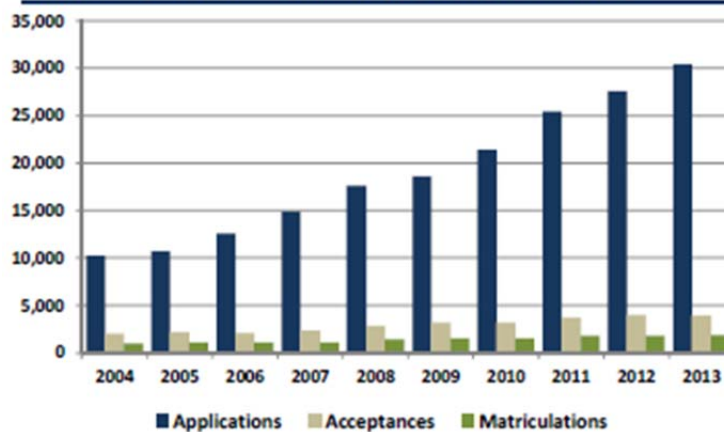
**MIDWESTERN UNIVERSITY – APPLICATION AND ENROLLMENT TRENDS:**

Applications to all of MWU’s programs have increased annually over the past 10 years, while admissions have become increasingly selective. *The application trend information presented below represents the most up-to-date information available as of the preparation date of this report.* Some of these facts may be updated and superseded by information reported in the Official Statement for this financing when posted.

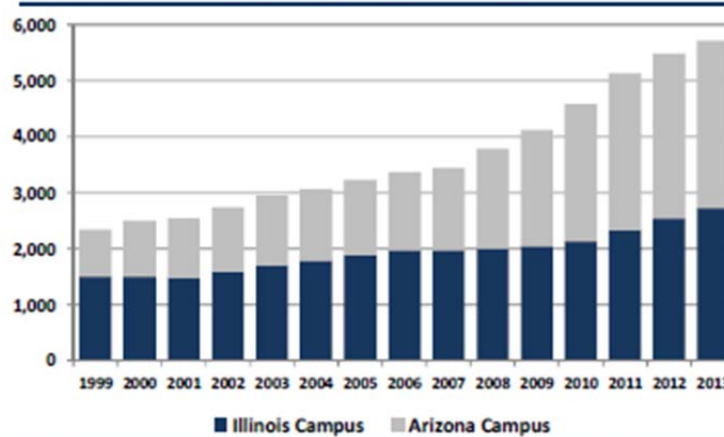
In particular:

- Total new student applications for MWU’s programs have tripled over the past 10 years, from 10,193 in 2004 to 30,346 in 2013.
- Acceptance rates have declined during the past 10 years, from 19.8% in 2004 to 13.1% in 2013.
- MWU has posted enrollment growth of:
  - 8.6% average 10-year growth rate;
  - 9.6% average 15-year growth rate;
  - Note: MWU opened its Glendale, AZ campus in 1995.
- Despite the overall increase in the number of ‘seats’ available to prospective students nationally (reflecting new school openings and new programs), competition for seats across MWU’s graduate and professional health programs has steadily increased.
- According to MWU, matriculation (i.e., enrollment) rates have been stable, ranging between 45% and 51% during the past 10 years.

**Student Demand & Selectivity: 2004 to Present**



**Total Enrollment History: 1999 to Present**





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**MIDWESTERN UNIVERSITY STUDENT LOAN PROGRAM OPERATIONS:**

**Internal Loan Program Administration:**

Kim Brown, Director of Finance, who reports to the University's CFO, will be the primary administrator of the Foundation loan program and has been employed by the University since 2001. Overall, MWU's internal team has significant experience administering MWU's prior student loan programs from 1980 through 2012. Ms. Brown has been directly involved in all prior Midwestern University Foundation student loan initiatives (which began in 2002).

**3<sup>rd</sup> Party Private Label Student Loan Origination Platform – Campus Door, Inc. (“CampusDoor”):**

MWU has engaged CampusDoor to provide web-based loan origination platform for use by MWU's students.

Campus Door, Inc. was founded in 1995 to deliver student loans via web-based applications. Since 1995, CampusDoor has processed over \$11 billion in private student loans applications representing over 1.4 million student loan borrowers. CampusDoor is based in Carlisle, PA.

CampusDoor currently supports 19 higher education institutions and lenders including Sallie Mae, PNC Bank, M&T Bank, Corinthian Colleges (Liberty Bank), University Credit Union (Maine), and New Hampshire Higher Education Loan Corporation.

**3<sup>rd</sup> Party Loan Servicing & Collections Platform – Education Computer Systems, Inc. (“ECSI”), a division of Heartland Payment Systems (Heartland Campus Solutions):**

Heartland Payment Systems was founded in 1972 to provide a student loan servicing solution to higher education institutions. ECSI is based in Coraopolis, PA and is the largest campus-based student loan service in the U.S.

In 2012, Heartland Payment Systems (NYSE: HPY) acquired ECSI and integrated its student loan servicing business with its Heartland Campus Solutions division. Heartland processes more than 11 million payments per day and over \$120 billion annually and employs 3,450 nationally.

ECSI has over 1,800 college and university clients in all 50 states. Loan servicing clients include: Princeton University, SUNY System, Cornell University, University of Michigan, University of North Carolina, Oregon State University System, UNLV, The Ohio State University, and the California State System.

ECSI has serviced Midwestern University's and Midwestern University Foundation's direct student loan portfolios since 2001.

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**GENERAL TERMS OF MIDWESTERN'S BOND-FINANCED STUDENT LOAN PROGRAM:**

**Midwestern University Foundation – Academic Year 2015-2016 Student Loan Program Eligibility and Lending Parameters:**

- According to the University, the initial pool of loans originated with IFA Series 2015 Bond Proceeds *will not* include loans to Medical (i.e., Osteopathic Medical School) students due to the Osteopathic Medical Program's (i) duration (4 years), (ii) length of post-graduation residency periods (3 ½ years), and (iii) high medical student post-graduation residency program participation rates (100% - which would result in a deferral of principal and interest payments to the Trust Indenture and the use of Capitalized Interest).
- In academic year 2015-2016, participation in the Foundation's Bond-funded loan program will be offered to all non-medical school students entering the final two years of 4-year programs, or for all years for any degree program of less than 4 years duration.

- Based upon initial program eligibility and historical borrowing trends, the University expects that 3<sup>rd</sup> year and 4<sup>th</sup> year students enrolled in the Dental (D.M.D.) and Pharmacy (Pharm. D.) programs and students enrolled in the Physical Therapy (D.P.T.) and Physician's Assistant (M.M.S.) programs will comprise the vast majority of the student loan program borrowers for the 2015-2016 academic year.
- Key Facts:
  - only 25% of 4<sup>th</sup> year dental students enter a 2-year residency program
  - only 20% of 4<sup>th</sup> year pharmacy students enter a 1-year residency program
  - D.P.T. and M.M.S. students typically do not enter residency programs.
- The maximum loan amount per student for any academic year is up to the total cost of attendance (less the value of other aid received), subject to a cumulative maximum loan limit of \$200,000 per student.

*Over time, and as the bond-funded portfolio establishes its own performance record, Midwestern University expects to expand eligibility of this program across its student body of graduate and professional students.*

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Midwestern University Foundation, 551 31<sup>st</sup> Street, Downers Grove, IL 60515  
Contact: Mr. Gregory J. Gaus, Senior Vice President and Chief Financial Officer, Midwestern University:  
(T) 630.515.6171; email: [ggausx@midwestern.edu](mailto:ggausx@midwestern.edu)  
Website: [www.midwestern.edu](http://www.midwestern.edu)  
Site Locations: IFA proceeds can be used by students at the University's Illinois campus.  
Financing: IFA Series 2015 Student Loan Revenue Bonds (Midwestern University Foundation)  
Organization: Midwestern University Foundation is Illinois not-for-profit established as a 501(c)(3) corporation  
Board of Directors –  
Midwestern University  
Foundation: Kevin D. Leahy, Chair  
Gerrit A. van Huisstede, Vice Chair  
Kathleen H. Goepfing, Ph.D., *President and Chief Executive Officer*  
Warren B. Grayson, J.D.  
Robert M. Lockhart, Ph.D.  
W. Jay Lovelace (Glendale, AZ)  
Thomas Eggleston (Glendale, AZ)

Board of Trustees –  
Midwestern  
University: William D. Andrews, *Chair*  
Sr. Anne C. Leonard, C.N.D., *Vice Chair*  
Gerrit A. van Huisstede, *Secretary/Treasurer*  
Kathleen H. Goepfing, Ph.D., *President and Chief Executive Officer*  
The Honorable Jean L. Baxter, J.D.  
Michael J. Blend, Ph.D., D.O.  
Janet R. Bolton, CFP, CIMA  
John H. Finley, Jr., D.O.  
Warren B. Grayson, J.D.  
Gretchen R. Hannan  
Kenneth R. Herlin  
John Ladowicz, M.B.A.  
Kevin D. Leahy  
Madeline R. Lewis, D.O.  
Robert M. Lockhart, Ph.D.  
W. Jay Lovelace  
The Honorable Elaine M. Scruggs  
Paul M. Steingard, D.O.  
Gary L. Trujillo, M.B.A.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Locke Lord LLP	Chicago, IL	George Burgett
Auditor:	Ernst & Young LLP	Chicago, IL	
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	Nancy Burke, Chris Walrath
Underwriter:	RBC Capital Markets	Phoenix, AZ	Jeff Wagner
Underwriter's Counsel:	Kutak Rock LLP	Denver, CO	Anne Gish, Donald Stover
Student Loan Originator:	Campus Door, Inc.	Carlisle, PA	
Student Loan Servicer:	ECSI, a division of Heartland Campus Solutions	Coraopolis, PA	
Master Trustee (for IFA and AZ Bonds):	BNY Mellon Trust Company	New York NY	
Trustee's Counsel:	Perkins Coie LLP	New York NY	
Rating Agency:	Standard & Poor's	New York, NY	
IFA Counsel:	Katten Muchin Rosenman, LLP	Chicago, IL	Lew Greenbaum, Chad Doobay
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**SUPPLEMENTAL FINANCING TEAM DISCLOSURE ON GLENDALE IDA BONDS:**

*Midwestern University Foundation will engage the same participants as in its IFA transaction, with the exception of the following parties:*

Issuer:	City of Glendale Industrial Development Authority	Glendale, AZ
Issuer's Counsel:	Ryley, Carlisle & Applestrader	Phoenix, AZ
Bond Counsel:	Squire Patton Boggs LLP	Phoenix, AZ

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**LEGISLATIVE DISTRICTS**

Congressional:	6
State Senate:	24
State House:	47

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**NOTE ON IFA'S LEGISLATIVE AUTHORITY TO ISSUE STUDENT LOAN REVENUE BONDS**

**According to Sec. 23 of the Higher Education Loan Act (or "HELA") (110 ILCS 945/23), IFA's powers under HELA shall not require the approval or consent of any political subdivision of the State nor any State of Illinois department, division, commission, board, body, bureau, official, or agency.**

**Specifically:**

1. Pursuant to The Higher Education Loan Act, IFA's powers thereunder "...shall be deemed to provide a complete, additional and alternative method for the doing of the things (i.e., issuing Bonds to fund student loans) authorized thereby and shall be regarded as supplemental and additional to, and the limitations imposed under this Act (HELA) shall not limit or otherwise affect powers or rights conferred by other laws, and the issuance of Bonds and refunding Bonds under this Act (HELA) need not comply with the requirements of any other law applicable to the issuance of Bonds.
2. Except as otherwise expressly provided in the Act (HELA), none of the powers granted to the Authority (IFA) under this Act (HELA) shall be subject to the supervision or regulation or require the approval or consent of any municipality or political subdivision or any department, division, commission, board, body, bureau, official or agency thereof of the State. (Source P.A. 82-658)