



PAB CONDUIT

\$19,100,000 (not-to-exceed)

Adler University

December 10, 2015

REQUEST	<p>Purpose: Bond proceeds will be loaned to Adler University, an Illinois not for profit corporation (the “Borrower”), to provide the Borrower with all or a portion of the funds (i) to acquire real property and improvements commonly known as Floors 15 and 16 and a portion of the 1st Floor lobby located at 1 North Dearborn Street (also known as 17 North Dearborn Street), Chicago, Illinois (collectively, the “Project”) and (ii) to pay costs of issuance of the Bonds and costs related to the Project.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																	
BOARD ACTION	<p>Final Bond Resolution Voting Record (November 12, 2015) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, O’Brien, Yonover, Zeller); 0 Vacancies.</p>																	
MATERIAL CHANGES	<p>None.</p>																	
JOB DATA	173	Current jobs	19	New jobs projected (Chicago campus only)														
	N/A	Retained jobs	N/A	Construction jobs projected														
DESCRIPTION	<ul style="list-style-type: none"> • Location: Chicago (Cook County) • Type of entity: Adler University is a post-baccalaureate, non-profit institution of higher education and private graduate school of social and health sciences located in Chicago, Illinois and Vancouver, British Columbia (Canada). • Adler University continues the pioneering work of the first community psychologist Alfred Adler by graduating socially responsible practitioners, engaging communities, and advancing social justice. 																	
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Borrower is a non-rated entity. • The IFA 501(c)(3) Revenues Bond (Adler University Project), Series 2015 will be purchased directly by MB Financial 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 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 of the Borrower located on the 15th and 16th floors (as well as certain portions of the 1st floor lobby) of the building located at One North Dearborn in Chicago, Illinois (i.e.m Adler University’s Chicago campus). • The Bond Purchaser will also be the Academy’s relationship bank on other credit facilities. The Bank expects all credit facilities, including the Series 2015 Bond, to be cross-collateralized and cross-defaulted. 																	
STRUCTURE	<ul style="list-style-type: none"> • The Bond Purchaser will set an initial fixed or variable rate for 5, 7 or 10 years (with reset provisions at the end of each period), amortized over an expected term of 25 years in connection with the acquisition of the subject real estate. 																	
SOURCES AND USES	<p>Sources:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">IFA Revenue Bond</td> <td style="width: 50%; text-align: right;">\$19,100,000</td> </tr> <tr> <td>IFF – Subordinate Loan</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>4,250,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$25,350,000</u></td> </tr> </table>		IFA Revenue Bond	\$19,100,000	IFF – Subordinate Loan	2,000,000	Equity	<u>4,250,000</u>	Total	<u>\$25,350,000</u>	<p>Uses:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Chicago Campus Acquisition</td> <td style="width: 50%; text-align: right;">\$25,000,000</td> </tr> <tr> <td>Costs of Issuance</td> <td style="text-align: right;"><u>350,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$25,350,000</u></td> </tr> </table>		Chicago Campus Acquisition	\$25,000,000	Costs of Issuance	<u>350,000</u>	Total	<u>\$25,350,000</u>
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Total	<u>\$25,350,000</u>																	
RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																	

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

Project: Adler University

STATISTICS

Project Number: 12315	Amount: \$19,100,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bond	IFA Staff: Rich Frampton and Brad R. Fletcher
Locations: Chicago	County/Region: Cook County/Northeast

BOARD ACTION

Final Bond Resolution	
Conduit 501(c)(3) Revenue Bond	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

VOTING RECORD

Voting Record (November 12, 2015) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, O’Brien, Yonover, Zeller); 0 Vacancies.

PURPOSE

Bond proceeds will be loaned to **Adler University**, an Illinois not for profit corporation (the “**Borrower**”), to provide the Borrower with all or a portion of the funds (i) to acquire real property and improvements commonly known as Floors 15 and 16 and a portion of the 1st Floor lobby located at 1 North Dearborn Street (also known as 17 North Dearborn Street), Chicago, Illinois (collectively, the “**Project**”) and (ii) to pay costs of issuance of the Bonds and costs related to the Project.

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: IFA Bond	\$19,100,000	Uses: Project Costs	\$25,000,000
IFF – Subordinate Loan	2,000,000	Costs of Issuance	<u>350,000</u>
Equity	<u>4,250,000</u>		
Total	<u>\$25,350,000</u>	Total	<u>\$25,350,000</u>

JOBS

Current employment: 173	Projected new jobs: 19 (Chicago campus only)
Jobs retained: N/A	Construction jobs: N/A

FINANCING SUMMARY

Structure/ Security:	<p>The Bond will be purchased directly by MB Financial 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 of the Borrower located on the 15th and 16th floors (as well as certain portions of the 1st floor lobby) of the building located at One North Dearborn in Chicago, Illinois (i.e., Adler University’s Chicago campus).</p> <p>The Series 2015 Bond will be cross-collateralized and cross-defaulted with all other credit facilities.</p>
Interest Rate:	<p>The Bond Purchaser will set an initial fixed or variable rate for 5, 7 or 10 years (with reset provisions at the end of each period), amortized over an expected term of 25 years in connection with the acquisition of the Chicago campus.</p>
Maturity:	<p>The IFA 501(c)(3) Revenue Bond, Series 2015 will have a not-to-exceed maturity of 25 years from the issuance date..</p>
Estimated Closing Date:	<p>December 2015</p>
Rationale:	<p>The proposed financing will reduce monthly payments that (together with other funds available to the Borrower) will assist in helping Adler University keep its fixed charges (including exchanging costly rent expense at its Chicago campus’ in favor of more cost effective debt service payments) as low as possible.</p> <p>As a result, reduced expenses will allow Adler to direct additional resources to the students it serves rather than overhead costs.</p>

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Adler University**, an Illinois not for profit corporation (the “**Borrower**”), to provide the Borrower with all or a portion of the funds (i) to acquire real property and improvements commonly known as Floors 15 and 16 and a portion of the 1st Floor lobby located at 1 North Dearborn Street (also known as 17 North Dearborn Street), Chicago, Illinois (collectively, the “**Project**”) and (ii) to pay costs of issuance of the Bonds and costs related to the Project.

BUSINESS SUMMARY

Background: **Adler University** (“**Adler**” or the “**Borrower**”), formerly known as the Adler School of Professional Psychology until January 5, 2015, is incorporated under Illinois law and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code of 1986, as amended.

Adler University is governed by an 18-member Board of Trustees (see p. 6 for listing).

Description: Adler University was established in 1952 as a private, not-for-profit institution of higher education and is the oldest independent school of psychology in North America, providing masters and doctorate degrees in psychology. Adler University requires all of its applicants to have baccalaureate degrees from an accredited college or university.

Adler currently has campuses located in Downtown Chicago and Vancouver, British Columbia (Canada). In addition to providing graduate level professional education, Adler supplements its educational mission by providing psychological services, research, and professional publications. Adler also performs research, training, and other services under grants and contracts with third-party sponsors.

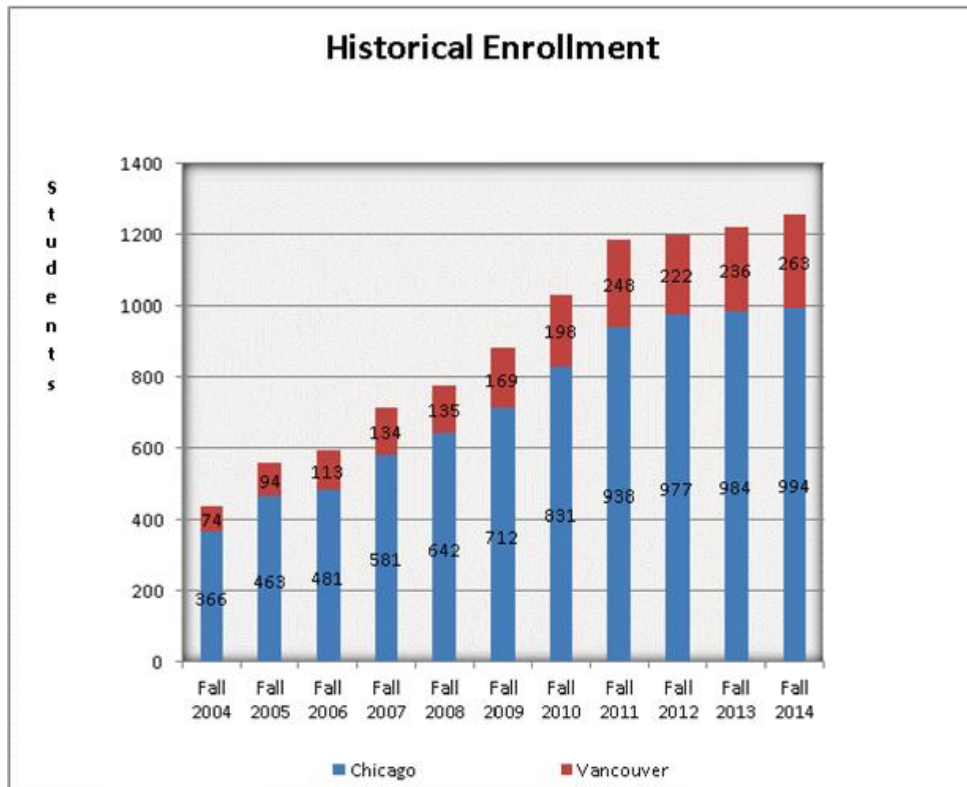
Adler University is named after Alfred Adler (1870-1937), the first community psychologist to initiate group counseling, family counseling, and public mental health education. Alfred Adler also pioneered community, preventative, and positive psychologies. Adler University continues the pioneering work of the first community psychologist Alfred Adler by graduating socially responsible practitioners, engaging communities, and advancing social justice.

Adler University, as a higher education institution, continues his work today through the production of three outcomes which are specified in their mission:

1. **Socially Responsible Practitioners:** Socially responsible practitioners are educated to be effective personal and social change agents in the pursuit of justice.
2. **Community Engagement:** Community engagement is collaborative partnership that strengthens communities, provides service, and prepares students.
3. **Social Justice:** Social justice refers to equitable distribution of economic, political, civil, cultural, social, and other resources and opportunities in society in order to promote the optimal development of persons and communities.

The three outcomes of the University’s mission are interconnected conceptually as well as through the organization of Adler University. The University’s education and training prepares students to be socially responsible practitioners who engage communities and advance social justice, during both their course of study and their later professional lives. The University directly engages communities – through over 500 community partnerships including the direct service contracts of Adler Community Health Services and the training relationships which support delivery of students’ Community Service Practice – in order to provide students with experience training in socially responsible practice and to advance social justice within those communities. The University’s Institutes for Social Change bring attention to social justice within the University through stimulating changes in the curricula and through specific didactic and experiential activities for students and faculty – as well as promote social justice beyond the boundaries of the University through engaging communities in a variety of programming

Adler currently employs approximately 96 full-time equivalent faculty members. The combined student-teacher ratio at the University is 12.8:1 with an average class size of 10.1 students. In addition to the senior administrative staff, the Academy currently employs approximately 113 full-time equivalent administrative and support staff. The University’s enrollment over the last 10 years has grown significantly. From the 2004 school year through 2014, enrollment grew from 440 total students to 1,257 students. Historical enrollment growth trends for the Chicago and Vancouver Campus are depicted in the chart below:



Additionally, the University had 120 jobs at the time of application for its Series 2010 Bond and projected 37 additional jobs over the next 1-2 years. Currently, the University reports that employment has increased to 173 full-time equivalents (exceeding their 2010 forecast).

Accreditations: Adler University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The University offers a doctoral program in clinical psychology, accredited by the American Psychological Association (“APA”), and eight master's programs. The APA must award accreditation every 10 years. The re-approval for accreditation was last completed in the fall of 2011 and the University was accredited for a 10-year cycle.

APA also granted its maximum accreditation of seven years to Adler’s Doctoral Program in Clinical Psychology (PsyD). Seven years is reserved for exemplary accredited programs, and it is the first time that Adler’s PsyD Program has achieved this distinction.

Adler University’s Master of Arts in Counseling Psychology, Vancouver Campus, has ministerial consent to offer the MA Counseling degree under the authority of the Degree Quality Assessments Board.

IFF Facility

Loan Program: IFF’s Facility Loan Program supports capital projects, including acquisition, construction, renovation/rehabilitation and leasehold improvements. Additionally, IFF’s Facility Loan Program can be used in the refinancing of such uses in support of nonprofit entities expanding programs.

Currently, terms of the Facility Loan Program range from a term of 5 to 15 years and loan amounts are between \$10,000 to \$2.0 million.

As proposed, an IFF Facility Loan will provide subordinate financing to support the acquisition of the Chicago campus Adler University currently leases, thereby facilitating the senior loan (i.e., the IFA Series 2015 Bond).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Adler University

Contact: Jeff Green, Vice President of Finance and Technology
(T) 312-662-4000; Email: jgreen@adler.edu

Website: <http://www.adler.edu/>

Site Location: 17 North Dearborn, Chicago, IL 60602 (i.e., lobby, 15th and 16th Floors of One North Dearborn)

Seller Disclosure: Adler University currently leases its Chicago campus at the One North Dearborn building from BCSP OND Property LLC, a Delaware limited liability company.

BCSP OND Property LLC is indirectly 100%-owned and controlled by BCSP VII Investments, L.P., a Delaware limited partnership, which is majority-owned and controlled by Beacon Capital Strategic Partners VII, L.P., a Delaware limited partnership (the "Fund"). No single investor owns more than a 20% interest in the Fund.

The Fund is managed by Beacon Capital Partners, LLC, a Delaware limited liability company. Please visit <http://www.beaconcapital.com> for more information.

(Note: at the time of closing/funding of the Series 2010 Bond, Adler's lessor was One North Dearborn Properties, LLC, also a Delaware limited liability company.)

Lessor

Disclosure
(Vancouver
Campus):

Adler University leases its campus real estate which is located in Vancouver, British Columbia (Canada) from Mottistone Holdings LTD.

Project name: IFA 501(c)(3) Revenue Bond (Adler University Project), Series 2015

Board of
Trustees:

David Sinski, M.A., Chairman
Betsy Brill, M.B.A.
Janet Campbell, M.S.W.
Victoria Chou, Ph.D.
Renee Citera
Raymond E. Crossman, Ph.D.
Nick Delgado
Vicky Dinges
Doug Harris
Grace Hou, M.P.A.
Noland Joiner
Barry Kaufman
Joy MacPhail
Harold Mosak, Ph.D.
Audrey Peeples, M.M.
Juan Salgado, MUP
Bernard Shulman, M.D.
Eric C. Warner, M.S.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Holland & Knight LLP	Chicago, IL	David Allswang Barbara Adams
Auditor:	Crowe Horwath LLP	Chicago, IL	
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Bank/Direct Bond Purchaser:	MB Financial Bank, N.A.	Chicago, IL	Bernard Bartilad John Sarris Jessica Andujar-Redman
Subordinate Lender:	IFF	Chicago, IL	Laurie Garrett Sara Walton Andy Walters
Subordinate Lender Counsel:	Guerard Kalina & Butkus	Wheaton, IL	Mark F. Kalina
Bank Counsel:	Thompson Coburn LLP	St. Louis, MO	Sara E. Kotthoff Victor A. DesLaurier
IFA Counsel:	Sanchez Daniels & Hoffman LLP	Chicago, IL	John Cummins Heather Erickson
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	3
State House:	5

