ATTACHMENT 1

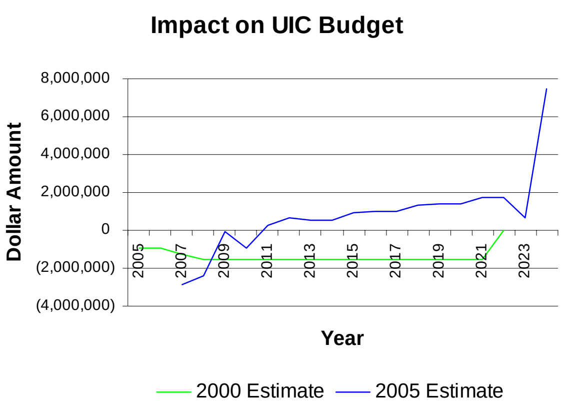
UIC SOUTH CAMPUS DEVELOPMENT PROJECT
Summary of Financing and Current Status

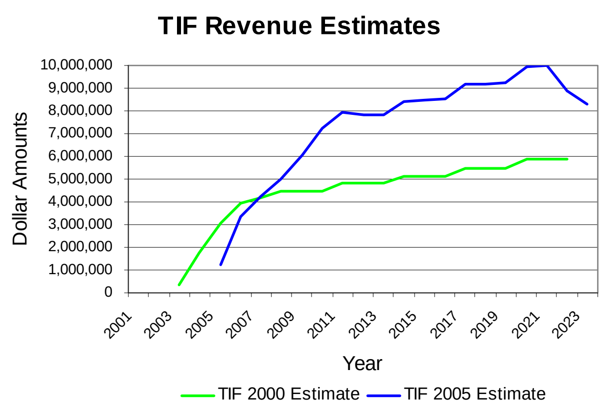
The South Campus Redevelopment Project is an integrated academic, residential, recreational and commercial development that has enhanced the UIC community. In 1999, the total development cost was estimated at $600 million, of which the University had invested $50 million in land acquisition, infrastructure and other facilities in the area. Through the issuance of tax-exempt and taxable bonds in 1999, 2000 and 2003, the University provided an additional $83 million to complete land acquisition and infrastructure improvements necessary to support the development of the area. Due to scope changes resulting from a reconfiguration of the project to reflect market conditions, incremental funding may be required to support development of the final group of homes.

The following table summarizes the structure of the bonds issued to date for this project:

SERIES	PAR AMOUNT	TAX STATUS	SOURCE OF REPAYMENT	MATURITIES
Series 1999	$49.4 million	Tax exempt	1) TIF Revenues 2) Subordinate lien on student tuition and fees	2013-2022
Series 2000	$27.1 million	Taxable	1) Land sales revenue 2) TIF Revenues 3) Subordinate lien on student tuition and fees	2001-2013
Series 2003	$10.0 million	Tax exempt	1) TIF Revenues 2) Subordinate lien on student tuition and fees	2006-2023

The revenues forecast in 2000 differ from those projected in 2005 as highlighted in the following charts. While the project is very successful, the pace of TIF revenue recognition is slower than initially anticipated. However, total revenues are expected to be significantly greater over the full life of the tax increment district (total life of 23 years). Estimates made in 2000 showed a negative impact on the UIC budget from 2005 through 2022 resulting from the project. Recent estimates completed in 2005 show a positive impact on the UIC budget from 2010 to 2023, peaking with a surplus of 7,500,000 in 2023, mainly due to revised TIF revenue projections.





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The University has identified 3 goals that may be best accomplished through a refunding and restructuring of certain outstanding bonds issued for this project.

- Capitalize on refunding opportunities offered by market conditions
- Fund incremental project costs, if required, to assure that the University captures the value of the tax increment
- Reduce the operating budget impact of this project on UIC by better matching the debt service stream to the revised TIF revenue stream (recognizing the TIF revenues will take longer to ramp up than was anticipated when the bonds were issued in 1999, 2000 and 2003)

The ideas that are being analyzed by staff and financial advisor to achieve these goals include:

a. Refund certain maturities of Series 1999 bonds
    i. Produces very strong present value savings ($4-6 million, depending on structure) and should be analyzed regardless of incremental funding needs
    ii. Does NOT get sufficient funds in hand quick enough to fund the infrastructure needs of the development project
b. Restructure of taxable, Series 2000 bonds
    i. Reduces debt service obligations in coming years, easing strain on UIC budget
    ii. Produces positive cash flow however it increases the University's costs
c. Execute swaption on Series 1999 bonds
    i. Captures the value of advance refunding the bonds (estimated at $4 to $6 million) while leaving all bonds and terms unchanged
    ii. Exposes University to basis and tax risk going forward
d. Restructure all outstanding bonds
    i. Would more closely match revenues and debt service expenditures going forward
    ii. Savings from refunding certain bonds would offset cost of refunding others
e. Subordinate debt issue for incremental funding needs
    i. Seemingly simple, straightforward approach
    ii. Must be subordinate to existing bonds, as bond documents restrict additional borrowing on a parity basis