

VOLUNTARY EVENT NOTICE CONCERNING PENDING LITIGATION

Dated: April 3, 2018

\$23,825,000

**HIGHER EDUCATIONAL FACILITIES FINANCING AUTHORITY
Educational Facilities Revenue Bonds, Series 2010
(Bethune-Cookman University, Inc. Project)
(the "Series 2010 Bonds")**

Bethune Cookman University, Inc., v. Darnell L. Dailey, Edison O. Jackson, Hakim J. Lucas, Emmanuel E. Gonsalves, Mark D. Glover, Aligned Strategies and Partnerships, LLC, TG Quantum LLC, Quantum Equity I LLC, and Quantum Realty Capital LLC, Case No. 2018-30095-CICI

On January 22, 2018, plaintiff, Bethune-Cookman University, Inc. ("B-CU"), filed a complaint and demand for jury trial in the Circuit Court of the Seventh Judicial Circuit in Volusia County, Florida (the "Quantum Litigation") against defendants, Darnell L. Dailey, individually ("Dailey"), Edison O. Jackson, individually ("Jackson"), Hakim J. Lucas, individually ("Lucas"), Emmanuel E. Gonsalves, individually ("Gonsalves"), Mark D. Glover, individually ("Glover"), Aligned Strategies and Partnerships, LLC ("Aligned Strategies"), TG Quantum LLC ("TG Quantum"), Quantum Equity I LLC ("Quantum I") and Quantum Realty Capital LLC ("QRC") in connection with a major residential facility transaction involving B-CU and the foregoing defendants. The complaint filed by B-CU as a part of the Quantum Litigation alleges that Quantum I and various other co-conspirators, among other things, (a) violated Florida's Deceptive and Unfair Trade Practices Act, Section 501.201 et seq.; (b) engaged in commercial bribery; (c) conspired to commit the breach of fiduciary duties owed by various defendants to B-CU; and (d) engaged in conspiracy to commit constructive fraud, all as part of the approval of the acquisition, construction, completion, use and financing of the aforementioned residential facility.

On or about February 12, 2018, Quantum I filed a counterclaim for eviction, damages, appointment of a receiver (for collection of the residential facilities leases and rents and disbursement of same per the related sublease agreement), specific performance and mandatory injunction in respect of the arrangements between the parties as such relate to the residential facility.

Both B-CU and the named defendants have filed various other motions and pleadings relating to the Quantum Litigation, which is ongoing. The amount in controversy relating to the Quantum Litigation is not capable of calculation at this time, but B-CU believes that the principal amount of the underlying financing relating to the residential facility in question was approximately \$85,000,000.

**Heron Development Group LTD. v. Bethune Cookman University, Inc., Civil Action
Case No. 2018-30125-CICI**

On January 26, 2018, Heron Development Group, Ltd. ("HDG") filed a complaint against B-CU in the Circuit Court of the Seventh Judicial Circuit in Volusia County, Florida (the "Heron Lawsuit") for fraudulent misrepresentation, negligent misrepresentation, fraudulent concealment and, alternatively, breach of contract related to B-CU's termination of its relationship with HDG with respect to a proposed off-campus housing facility for which permits have not been granted and for which construction has not commenced. In essence, HDG has complained for damages, including lost profits and speculative damages, as a result of B-CU's termination of this off-campus residential facility project. B-CU has asserted various defenses and will continue to contest liability as well as the measure of damages asserted by HDG based on the facts and circumstances.

The final outcome of each of the above-described matters cannot be predicted, and an independent review of such matters for purposes of predicting an outcome has not been undertaken. Regardless of the initial outcome of any of the above referenced proceedings, there is the possibility of judicial appeal; as such, B-CU cannot determine the amount of time it will take to fully resolve the issues presented in such matters. **If decided against B-CU, the outcome of either litigation could have a material adverse effect on the ability of B-CU to meet its operating and other liabilities, including its ability to pay principal of and interest on the Series 2010 Bonds. See Exhibit A attached hereto for information extracted from the Official Statement dated October 29, 2010, related to the Series 2010 Bonds.**

EXHIBIT A

SERIES 2010 BONDS

Maturity Date (July 1)	Principal Amount	Interest Rate%	Yield %	Price	Initial CUSIP Numbers**
2011	\$720,000	1.125	1.150	99.984%	34073TBV8
2012	735,000	3.000	1.670	102.122%	34073TBW6
2013	755,000	3.000	2.130	102.208%	34073TBX4
2014	775,000	2.250	2.500	99.137%	34073TBY2
2015	795,000	2.500	2.810	98.662%	34073TBZ9
2016	815,000	3.000	3.160	99.179%	34073TCA3
2017	840,000	3.250	3.550	98.240%	34073TCB1
2018	870,000	3.500	3.800	98.027%	34073TCC9
2019	905,000	4.000	4.080	99.419%	34073TCD7
2020	940,000	4.000	4.250	98.037%	34073TCE5
2025	550,000	5.000	4.750	101.907%*	34073TCG0

\$4,205,000 4.500% Term Bonds Due July 1, 2024 Yield: 4.700% Initial CUSIP No.: 34073TCH8
\$10,920,000 5.375% Term Bonds Due July 1, 2032 Yield: 5.200% Initial CUSIP No.: 34073TCF2

*Priced to first optional call date of July 1, 2020.

** CUSIP Numbers are included solely for the convenience of the reader of this Official Statement. The Authority, the University and Underwriter take no responsibility for the accuracy or use of the CUSIP numbers in this Official Statement.