

Board Meeting
January 15, 2009

Revised

ROLL CALL

APPROVE ~~VARIABLE RATE DEMAND~~ AUXILIARY FACILITIES SYSTEM REVENUE BONDS, SERIES 2009A

Action: Approve Issuance of ~~Variable Rate Demand~~ Auxiliary Facilities System Revenue Bonds, Series 2009A

Funding: Proceeds of the Revenue Bonds

The Board, at its meeting on September 11, 2008, authorized a number of actions leading toward the issuance of Variable Rate Demand Auxiliary Facilities System Revenue Bonds (the “Bonds”) to refund the ~~Variable Rate Demand~~ Auxiliary Facilities System Revenue Bonds, Series 2005B (the “Series 2005B Bonds”) and to pay related costs of issuance. In addition, the Bonds will finance the \$10.0 million Illini Union project, Urbana, ~~and the \$8.5 million South Campus Mixed Use Development project, Chicago,~~ subject to Board approval of these projects.

Such actions have been completed including: retention of Pugh, Jones, Johnson & Quandt, P.C., as bond counsel; retention of Katten Muchin Rosenman LLP as special issuer’s counsel; retention of Public Financial Management, Inc., as financial advisor; retention of Citigroup Global Markets, Inc., as managing underwriter and

remarketing agent; appointment of The Bank of New York Mellon Trust Company, N.A., as bond registrar; the preparation of the Official Statement; the negotiation of a liquidity facility; actions to pursue and obtain ratings on the revenue bonds; preparation of additional documents including a Supplemental Bond Resolution, Bond Purchase Agreement, Modal Agreement, Tender Agent Agreement and Remarketing Agreement.

Now it is requested that the Board authorize the issuance of the Bonds in an original principal amount not to exceed \$90.0 million to refund the Series 2005B Bonds, to fund the projects, to pay capitalized interest and to pay issuance costs (see Attachment). The average annual debt service for the Bonds is estimated to be \$6.1 million. The final maturity of the Bonds shall be no later than April 1, 2038.

The Bonds will be issued as variable rate demand bonds **or fixed rate bonds as determined by the Vice President/Chief Financial Officer and Comptroller**, will be fully registered, will be special, limited obligations of the Board and will be payable only from and secured by the net revenues of the Auxiliary Facilities System (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), student tuition and fees and the Bond and Interest Sinking Fund Account.

All legal matters incidental to the authorization and issuance of the Bonds, the form of the Official Statement, the Fifteenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Modal Agreement, the Tender Agent Agreement, the Standby Bond Purchase Agreement, and the Remarketing Agreement will be approved by Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel,

and Katten Muchin Rosenman LLP, Chicago, Illinois, Special Issuer's Counsel; and certain legal matters will be passed upon by Ungaretti & Harris LLP, Chicago, Illinois, Underwriter's Counsel.

The Vice President/Chief Financial Officer and Comptroller recommends that the Board:

1. Authorize the issuance and sale of the Bonds and approve the Official Statement with the addition of the final terms of the Bonds.¹
2. Approve the form of the Bond Purchase Agreement¹ with Citigroup Global Markets, Inc., as managing underwriter wherein the underwriter agrees to purchase from the Board not less than all of the Bonds (i) in an aggregate principal amount not exceeding \$90.0 million; (ii) with a final maturity of no later than April 1, 2038; (iii) at a price not less than the par amount thereof; and (iv) the maximum compensation of the managing underwriter shall not exceed 1 ½ percent of the par amount thereof. The Bond Purchase Agreement sets forth the terms and conditions of the initial purchase of the Bonds from the Board by the managing underwriter. Approve the sale of the Bonds in a principal amount not exceeding \$90.0 million, with a final maturity of no later than April 1, 2038, and with the initial interest rate of the Bonds not more than ~~5.75~~ **6.50** percent at the time of issuance. The Bonds' subsequent interest rate will not

¹A copy is filed with the Secretary of the Board for record and the appropriate officers of the Board are hereby authorized and directed to execute the same in the name of and on behalf of the Board in substantially the form presented to this meeting, or with such changes as may be approved by the officer or officers of the Board executing the same, his/her or their execution thereof to constitute conclusive evidence of the Board's approval of all changes from the form thereof presented to this meeting; provided, however, that if any such changes constitute a substantial change in the form thereof presented to this meeting they shall first be approved by the executive committee of the Board to which authority for such approval is delegated by the Board.

exceed the lower of 20 percent per annum and the maximum rate permitted by applicable law.

3. Delegate to the Vice President/Chief Financial Officer and Comptroller the authority to determine the principal amount, final terms and terms of the sale of the Bonds within the limits expressed in this Board action.
4. Approve the Fifteenth Supplemental System Revenue Bond Resolution.¹ **Delegate to the Executive Committee the authority to make changes to the Fifteenth Supplemental System Revenue Bond Resolution to facilitate the issuance of the Bonds as fixed rate bonds within the parameters set forth herein.**
5. Approve the form of the Modal Agreement, the Tender Agent Agreement, and the Remarketing Agreement with respect to the Bonds.¹
6. Approve the form of the Standby Bond Purchase Agreement by the Board with respect to the Bonds.¹
7. Ratify and confirm all actions taken or to be taken by the officers and members of the Board in connection with the sale and delivery of the Bonds to the managing underwriter.
8. Authorize and empower the Vice President/Chief Financial Officer and Comptroller and other authorized officers of the Board to do and perform such other acts and things and to make, execute, and deliver all such other instruments and documents on behalf of the Board as may be by them deemed necessary or appropriate in connection with the provisions of the Official Statement, the Fifteenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Modal Agreement, the Tender Agent Agreement, the Standby Bond Purchase Agreement, and the Remarketing Agreement, and all acts and things whether heretofore or hereafter done or performed by any of the officers of the Board which

are in conformity with the intents and purposes of these resolutions shall be and the same are hereby in all respects, ratified, confirmed and approved.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Funding will be available from the proceeds of the Bonds.

The President of the University concurs.