

Board of Trustees
January 19, 2006

ROLL CALL

CERTIFICATES OF PARTICIPATION (UNIVERSITY-WIDE FACILITIES RENEWAL PROGRAM AND UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN BUSINESS INSTRUCTIONAL FACILITY PROJECT), SERIES 2006

Action: Approve Actions leading to the issuance of Certificates of Participation (University-Wide Facilities Renewal Program and University of Illinois at Urbana-Champaign Business Instructional Facility Project), Series 2006

Funding: Certificates of Participation

On November 11, 2004, the Board approved the University-Wide Facilities Renewal Program and the necessary project phases, not to exceed \$102.0 million, to address facility deficiencies on the campuses of the University of Illinois. The Board also approved actions leading to the issuance of Certificates of Participation not to exceed \$55.0 million, to finance the first phase of the project. With the passage of time, new external professionals have been qualified through a Request for Proposal. It is time to select the external professionals to serve on this certificate issue. On July 14, 2005, the Board approved the Business Instructional Facility, Urbana campus, with a project budget of \$62.0 million. Funding for the Business Instructional Facility will come from gift funds and Certificates of Participation. Funds from the issue of certificates will finance project costs in the amount of \$45.0 million.

Now, it is proposed that these two projects be financed together with Certificates of Participation in the approximate amount of \$100.0 million plus capitalized interest and cost of issuance.

Accordingly, the Vice President for Administration recommends that the Board approve:

1. Retention of Schiff Hardin, LLP, as bond counsel and swap counsel, to the extent required.
2. Retention of Ungaretti & Harris, LLP, as special issuer's counsel.
3. Retention of Scott Balice Strategies, LLC, as financial advisor and swap advisor, to the extent required.
4. Retention of Morgan Stanley & Co., Incorporated, as managing underwriter. Additional co-managers and selling group members may be added to assist in the marketing of the certificates.
5. Retention of J P Morgan Trust Company, National Association, as trustee.
6. The preparation, printing, and distribution of the Preliminary Official Statement.
7. The preparation of the Certificate of Purchase Agreement.
8. The preparation of additional documents including the Installment Purchase Contract, the Indenture of Trust, the Acquisition Agreement, and the Continuing Disclosure Agreement by the board with respect to the Certificates and other necessary documents. If it is determined that an interest rate swap is the most advantageous based on market opportunities, the preparation of standard ISDA agreements including the Schedule, Credit Support Annex, and Confirmation.
9. The analysis of the purchase of bond insurance to determine if such purchase is deemed economically beneficial following consultation with the financial advisor and managing underwriter. Such insurance, if acquired, would be purchased by the managing underwriter.
10. Negotiation with credit enhancement and liquidity support providers as needed and deemed economically beneficial following consultation with the managing underwriter and financial advisor.

11. Actions to pursue and obtain a credit rating or ratings on the Certificates.

Prior to the sale and delivery of the Certificates of Participation, the Board will be asked to approve the substantially final form of the above referenced documents and ratify and confirm all actions taken or to be taken by the officers and members of the Board in connection with such sale and delivery.

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.

The President of the University concurs.