

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY \_\_, 2014

BOOK-ENTRY-ONLY

**RATINGS:**  
**Moody's:**  
**Standard & Poor's:**  
(See "RATINGS," herein)

*Subject to compliance by The Board of Trustees of the University of Illinois (the "Board") with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2014A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Taxable Series 2014B Bonds is not excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2014AB Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.*

[\$[Principal Amount] \*

THE BOARD OF TRUSTEES OF  
THE UNIVERSITY OF ILLINOIS

University of Illinois Auxiliary Facilities System Revenue Bonds

consisting of

[\$[Principal Amount Series 2014A]  
University of Illinois Auxiliary Facilities  
System Revenue Bonds, Series 2014A

[\$[Principal Amount Series 2014B]  
University of Illinois Auxiliary Facilities  
System Revenue Bonds, Series 2014B  
(Taxable)

**Dated: Date of Delivery**

**Due: April 1, as shown on inside cover**

The University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A (the "Series 2014A Bonds") and Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable) (the "Taxable Series 2014B Bonds" and, together with the Series 2014A Bonds, the "Series 2014AB Bonds") shall be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2014AB Bonds. Purchases of beneficial interests in the Series 2014AB Bonds will be made in book-entry form only. Purchasers of a beneficial interest in the Series 2014AB Bonds ("Beneficial Owners") will not receive certificates representing their interests in the Series 2014AB Bonds.

Interest on the Series 2014AB Bonds is payable on each April 1 and October 1 beginning [April 1, 2014]. The principal of the Series 2014AB Bonds is payable at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Bond Registrar"), or its successor. Interest on the Series 2014AB Bonds, together with the principal of the Series 2014AB Bonds, will be paid by the Bond Registrar directly to DTC so long as DTC or its nominee is the registered owner of the Series 2014AB Bonds. The final disbursements of such payments to the Beneficial Owners will be the responsibility of the DTC participants or indirect participants. See "BOOK-ENTRY ONLY SYSTEM" for more information.

**The Series 2014AB Bonds are subject to redemption prior to maturity as described herein.**

The Series 2014AB Bonds and any Parity Bonds (as described herein) are secured by a pledge of and lien on (i) the Net Revenues of the Auxiliary Facilities System (the "System"), (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), and (iii) the Bond and Interest Sinking Fund Account. Concurrently with the issuance of the Series 2014AB Bonds, the Board expects to issue, on a parity basis with the Series 2014AB Bonds, its University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2014C (Taxable), in the aggregate principal amount of \$ \_\_\_\_\_\* (the "Taxable Series 2014C Bonds" and, together with the Series 2014AB Bonds, the "Series 2014 Bonds"), on a parity basis with the Series 2014AB Bonds to pay costs of the Project described herein.

Proceeds of the Series 2014AB Bonds will be used, together with other lawfully available funds including the proceeds of the Taxable Series 2014C Bonds, to (i) pay a part of the costs of various improvements and additions to the System and (ii) pay costs of issuing the Series 2014AB Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS," herein.

THE SERIES 2014AB BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE BOARD AND WILL BE PAYABLE ONLY FROM SOURCES DESCRIBED HEREIN. THE SERIES 2014AB BONDS ARE NOT OBLIGATIONS, GENERAL, SPECIAL OR OTHERWISE, OF THE STATE OF ILLINOIS. THE SERIES 2014AB BONDS SHALL NOT CONSTITUTE A DEBT, LEGAL OR MORAL, OF THE STATE OF ILLINOIS, AND SHALL NOT BE ENFORCEABLE OUT OF ANY FUNDS OF THE BOARD, OR OF THE UNIVERSITY, OTHER THAN THE REVENUES AND INCOME PLEDGED FOR PAYMENT THEREOF. THE BOARD HAS NO TAXING POWER.

\* Preliminary, subject to change.

The Series 2014AB Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal, or modification of the offer without notice, to the approval of legality of the Series 2014AB Bonds by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Board by University Counsel, Thomas R. Bearrows, Esq., and its special issuer's counsel, Freeborn & Peters LLP, Chicago, Illinois, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois. Public Financial Management Inc., Boston, Massachusetts is serving as financial advisor to the Board. It is expected that the Series 2014AB Bonds will be available for delivery through DTC on or about February \_\_, 2014.

## **WELLS FARGO SECURITIES**

**CABRERA CAPITAL MARKETS**

**LOOP CAPITAL MARKETS**

The date of this Official Statement is \_\_\_\_\_, 2014.

**Auxiliary Facilities System Revenue Bonds, Series 2014A**  
**Maturities, Principal Amounts, Interest Rates, Prices and Yields \***

<u>Year (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
	\$	%		%	

\$ \_\_\_\_\_ % Term Bonds due April 1, 20\_\_; Price \_\_\_\_\_; Yield \_\_\_\_\_%; CUSIP:  
 \$ \_\_\_\_\_ % Term Bonds due April 1, 20\_\_; Price \_\_\_\_\_; Yield \_\_\_\_\_%; CUSIP:  
 \$ \_\_\_\_\_ % Term Bonds due April 1, 20\_\_; Price \_\_\_\_\_; Yield \_\_\_\_\_%; CUSIP:

**Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable)**  
**Maturities, Principal Amounts, Interest Rates, Prices and Yields\***

<u>Year (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP</u>
	\$	%		%	

\$ \_\_\_\_\_ % Term Bonds due April 1, 20\_\_; Price \_\_\_\_\_; Yield \_\_\_\_\_%; CUSIP:

---

\* Preliminary, subject to change.

<sup>†</sup> CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are provided for convenience of reference only.

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of any of the Series 2014AB Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. No broker, dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2014AB Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Board, the Bond Registrar, the Financial Advisor or the Underwriters.

The information set forth herein has been obtained from the Board and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as the promise or guarantee of the Bond Registrar, the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or in the information or opinions set forth herein, since the date of this Official Statement.

This Official Statement contains “forward-looking statements” within the meaning of the Federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

THE PRICES AT WHICH THE SERIES 2014AB BONDS ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE SERIES 2014AB BONDS AT LEVELS ABOVE THE LEVELS THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2014AB BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2014AB BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH THE SERIES 2014AB BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

## TABLE OF CONTENTS

INTRODUCTION .....	1
DESCRIPTION OF THE SERIES 2014AB BONDS .....	3
General .....	3
Redemption.....	3
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS .....	5
General .....	5
Student Tuition and Fees .....	6
Repair and Replacement Reserve Account.....	6
Rate Covenant.....	6
Parity Bonds .....	6
Outstanding Parity Bonds.....	7
BOOK-ENTRY ONLY SYSTEM.....	7
General Provisions.....	7
Successor Securities Depository; Discontinuation of Book-Entry System .....	9
PLAN OF FINANCE.....	10
Purpose of the Series 2014AB Bonds.....	10
The Project.....	10
ESTIMATED SOURCES AND USES OF FUNDS .....	10
PRO FORMA MAXIMUM ANNUAL NET DEBT SERVICE COVERAGE.....	11
ANNUAL DEBT SERVICE REQUIREMENTS ON THE BONDS .....	11
AUXILIARY FACILITIES SYSTEM .....	12
Background.....	12
Description of Facilities.....	13
Housing Occupancy Rates.....	13
Financial Condition of the Auxiliary Facilities System.....	13
Statement of Revenues, Expenses and Changes in Net Position of the Auxiliary Facilities System .....	14
TAX MATTERS.....	15
Series 2014A Bonds .....	15
Taxable Series 2014B Bonds.....	17
State and Local Considerations .....	17
LITIGATION.....	17
LEGAL MATTERS.....	17
UNDERWRITING .....	18
FINANCIAL ADVISOR .....	19
INDEPENDENT AUDITORS.....	19

RATINGS .....	19
CONTINUING DISCLOSURE.....	19
ADDITIONAL INFORMATION.....	20
CERTIFICATION .....	21
APPENDIX A — The Board of Trustees of the University of Illinois .....	A-1
APPENDIX B — Annual Financial Report for the University of Illinois Auxiliary Facilities System for the Year Ended June 30, 2013 .....	B-1
APPENDIX C — Annual Financial Report for the University of Illinois for the Year Ended June 30, 2013 .....	C-1
APPENDIX D — Definitions of Certain Terms and Summary of Certain Provisions of the Bond Resolution .....	D-1
APPENDIX E — Proposed Forms of Opinions of Bond Counsel .....	E-1
APPENDIX F — Form of Continuing Disclosure Agreement.....	F-1

**[\$[Principal Amount]\***  
**THE BOARD OF TRUSTEES OF**  
**THE UNIVERSITY OF ILLINOIS**  
**University of Illinois Auxiliary Facilities System Revenue Bonds**

consisting of

<b>[\$[Principal Amount Series 2014A]</b> <b>University of Illinois Auxiliary Facilities</b> <b>System Revenue Bonds, Series 2014A</b>	<b>[\$[Principal Amount Series 2014B]</b> <b>University of Illinois Auxiliary Facilities</b> <b>System Revenue Bonds, Series 2014B</b> <b>(Taxable)</b>
--	--

**INTRODUCTION**

This Official Statement, including the cover page, the inside cover page and the appendices hereto, is provided in connection with the offering by The Board of Trustees of the University of Illinois (the “*Board*”) of \$[Principal Amount 2014A]\* principal amount of its University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A (the “*Series 2014A Bonds*”) and \$[Principal Amount 2014B]\* principal amount of its University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable) (the “*Taxable Series 2014B Bonds*” and, together with the Series 2014A Bonds, the “*Series 2014AB Bonds*”).

The Board is authorized by the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, 110 ILCS 40511, *et seq.* (the “*Act*”) to borrow money and issue and sell bonds to acquire by purchase or otherwise, construct, enlarge, improve, equip, complete, operate, control and manage student residence halls, apartments, staff housing facilities, health facilities, physical education buildings, union buildings, auditoriums, gymnasiums, or any other revenue producing buildings or facilities for student services, and educational facilities leased to the Federal government and the Nuclear Physics Laboratory, or any combination thereof, of the type and character as the Board deems necessary and required for the good and benefit of the University of Illinois (the “*University*”). The Board also is authorized to refund or refinance, from time to time as often as it shall be advantageous and in the public interest to do so, separately or in combination, any and all bonds issued and sold by the Board pursuant to the Act.

Under the Act, the Board is authorized to hold in the treasury of the University all revenues derived from the operation of any such buildings or facilities and to supplement such revenues from University income authorized by law to be retained in the University treasury for such purpose, constituting Student Tuition and Fees, and to pledge such revenues and income for the payment of operation and maintenance costs and for the retirement of such bonds.

Concurrently with the issuance of the Series 2014AB Bonds, the Board expects to issue, on a parity basis with the Series 2014AB Bonds, approximately \$ \_\_\_\_\_ \* University of Illinois’ Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2014C (Taxable) (the “*Taxable Series 2014C Bonds*” and, together with the Series 2014AB Bonds, the “*Series 2014 Bonds*”).

The Series 2014AB Bonds are being issued pursuant to the Act and the resolution adopted by The Board of Trustees of the University of Illinois on September 20, 1984 (the “*Original Resolution*”) as amended and supplemented by bond resolutions adopted on June 20, 1985, May 8, 1986, May 9, 1991, June 11, 1993, January 18, 1996, October 15, 1999, June 1, 2000, March 8, 2001, May 23, 2001, May 15, 2003, March 10, 2005, July 14, 2005, September 7, 2006, May 22, 2008, January 15,

---

\* Preliminary, subject to change.



2009, May 20, 2010, June 9, 2011, December 2, 2011, March 7, 2013 and January 23, 2014 (together with the Original Resolution, the “*Bond Resolution*”). Initially capitalized terms used but not otherwise defined in this Official Statement have the same meanings given them under the caption “**DEFINITIONS OF CERTAIN TERMS**” in **APPENDIX D**.

The proceeds of the Series 2014AB Bonds will be used, together with other lawfully available funds including the proceeds of the Taxable Series 2014C Bonds, to (i) pay a part of the costs of various improvements and additions to the Auxiliary Facilities System (the “*System*”) described herein and (ii) pay costs of issuing the Series 2014AB Bonds. See “**PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS**.”

As further described under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**,” the Series 2014AB Bonds, together with the Series 1991 Bonds, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003A Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2011C Bonds and the Series 2013A Bonds (collectively, the “*Prior Parity Bonds*”), the Taxable Series 2014C Bonds expected to be issued concurrently with the Series 2014AB Bonds and any Parity Bonds (hereinafter defined) issued in the future, are secured by a pledge of and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), and (iii) the Bond and Interest Sinking Fund Account.

The Series 1991 Bonds are further secured by income received from, and funds on deposit in, the Debt Service Reserve Account established under the Original Resolution. **The Series 2014AB Bonds will not be secured by the Debt Service Reserve Account.**

Additional bonds secured on a parity with the Series 2014AB Bonds, the Taxable Series 2014C Bonds and the Prior Parity Bonds (together, the “*Parity Bonds*”) may be issued by the Board for the purposes set forth in the Bond Resolution and subject to the condition, among others, that for each of the two completed Fiscal Years immediately preceding the issuance of any Parity Bonds, the average of the sum of annual Net Revenues plus Student Tuition and Fees must be at least equal to two times Maximum Annual Net Debt Service for the then Outstanding Bonds and the proposed Parity Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Bonds**” and “**THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS – Outstanding Indebtedness and Leasehold Obligations**” in **APPENDIX A**. The Series 2014AB Bonds, the Taxable Series 2014C Bonds, the Prior Parity Bonds and any Parity Bonds issued in the future are collectively referred to herein as the “*Bonds*” or the “*Outstanding Bonds*.”

The Board covenants in the Bond Resolution to establish rents, fees, charges and admissions for the use of the System and Student Tuition and Fees at such a level that the amount of Net Revenues plus Student Tuition and Fees in each Fiscal Year is at least equal to 2.0 times Maximum Annual Net Debt Service. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Rate Covenant**.”

THE SERIES 2014AB BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE BOARD AND WILL BE PAYABLE ONLY FROM THE SOURCES DESCRIBED HEREIN. THE SERIES 2014AB BONDS ARE NOT OBLIGATIONS, GENERAL, SPECIAL OR OTHERWISE, OF THE STATE OF ILLINOIS. THE SERIES 2014AB BONDS SHALL NOT CONSTITUTE A DEBT, LEGAL OR MORAL, OF THE STATE OF ILLINOIS, AND SHALL NOT BE ENFORCEABLE OUT OF ANY FUNDS OF THE BOARD, OR OF THE UNIVERSITY, OTHER

THAN THE REVENUES AND INCOME PLEDGED FOR PAYMENT THEREOF. THE BOARD HAS NO TAXING POWER.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document.

## DESCRIPTION OF THE SERIES 2014AB BONDS

### General

The Series 2014AB Bonds will be issued as fully registered bonds, as shown on the inside cover page hereof. Initially, the Series 2014AB Bonds will be registered under the book-entry system described under the caption “**BOOK-ENTRY ONLY SYSTEM**” (the “*Book-Entry System*”) and the method of payment of the Series 2014AB Bonds and matters pertaining to transfers and exchanges while the Series 2014AB Bonds are held in the Book-Entry System are described under that caption.

The Series 2014AB Bonds will be dated the date of delivery, and will mature on April 1 of the years and in the amounts shown on the inside cover page hereof and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof, payable beginning [April 1, 2014] and on each October 1 and April 1 thereafter. The Series 2014AB Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2014AB Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid, or duly provided for, until the principal amount of the Series 2014AB Bonds is paid.

### Redemption

*Optional Redemption of Series 2014A Bonds.* The Series 2014A Bonds maturing on or after April 1, 20\_ are subject to redemption prior to maturity, at the option of the Board, on or after April 1, 20\_, in whole or in part at any time, and if in part, from such maturities as determined by the Board and within any maturity by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

*Optional Redemption of Series 2014B Bonds.* The Series 2014B Bonds maturing on or after April 1, 20\_ are subject to redemption prior to maturity, at the option of the Board, on or after April 1, 20\_, in whole or in part at any time, and if in part, from such maturities as determined by the Board and within any maturity by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

*Mandatory Redemption of Series 2014AB Term Bonds.* The Series 2014A Bonds maturing on April 1, 20\_, on April 1, 20\_ and on April 1, 20\_ (the “*Series 2014A Term Bonds*”), are subject to mandatory redemption prior to maturity through the application of sinking fund payments, in integral multiples of \$5,000 selected by the Bond Registrar, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, in the following principal amounts on April 1 in each of the years set forth below:

<b>Series 2014A Term Bonds Due April 1, 20__</b>	
<b>Year</b>	<b>Amount</b>
	\$

\*

---

\* Final Maturity

**Series 2014A  
Term Bonds  
Due April 1, 20\_\_**

<b>Year</b>	<b>Amount</b>
	\$

\*

---

\* Final Maturity

**Series 2014A  
Term Bonds  
Due April 1, 20\_\_**

<b>Year</b>	<b>Amount</b>
	\$

\*

---

\* Final Maturity

The Taxable Series 2014B Bonds maturing on April 1, 20\_\_ (the “*Taxable Series 2014B Term Bonds*”), are subject to mandatory redemption prior to maturity through the application of sinking fund payments, in integral multiples of \$5,000 selected by the Bond Registrar, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, in the following principal amounts on April 1 in each of the years set forth below:

**Taxable Series 2014B  
Term Bonds  
Due April 1, 20\_\_**

<b>Year</b>	<b>Amount</b>
	\$

\*

---

\* Final Maturity

The principal amounts of each series of Series 2014AB Bonds to be redeemed or paid on each date through mandatory sinking fund redemptions, as set forth in the preceding tables, may be reduced through the earlier optional redemption thereof, with any partial optional redemption of such series of Series 2014AB Bonds being credited against such future mandatory sinking fund requirements as determined by the Comptroller of the Board (the “Comptroller”), with written notice of such determination to be given to the Bond Registrar.

In addition, on or prior to the 60<sup>th</sup> day preceding any mandatory sinking fund redemption date, the Bond Registrar may, and if directed by the Comptroller shall, purchase Series 2014AB Bonds of either series required to be retired on such mandatory redemption date at a purchase price not exceeding the principal amount thereof plus accrued interest to the purchase date. Any such Series 2014AB Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the respective payment required on such next mandatory redemption sinking fund date.

*Notice of Redemption.* The Bond Registrar will mail, by registered or certified mail, postage prepaid, a notice of redemption not less than 30 days prior to the date fixed for redemption to the Owners of any Series 2014AB Bonds, or portions thereof, which are to be redeemed. Failure to mail such notice or any defect therein as to any such Series 2014AB Bond will not affect the validity of the proceedings for the redemption of any other Series 2014AB Bonds. In the event a Series 2014AB Bond is in a denomination larger than \$5,000, a portion of such Series 2014AB Bond may be redeemed but only in a principal amount equal to \$5,000 or any integral multiple thereof.

Unless moneys sufficient to pay the principal of and interest on the Series 2014AB Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds are payable from and secured by a pledge of and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), and (iii) the Bond and Interest Sinking Fund Account. All such income and revenues are irrevocably pledged for the prompt and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their terms, and all the Bonds shall be equally and ratably secured by the pledge and lien without priority or preference one over the other by reason of series designation, denomination, number, maturity date, terms of redemption prior to maturity, date of sale or delivery or otherwise. All the Bonds are co-equal as to the pledge of and lien on all of the Net Revenues of the System, Student Tuition and Fees and Bond and Interest Sinking Fund Account, as described above, securing the payment of the Bonds and share ratably, without preference, priority or distinction as to the source or method of payment and security for the Bonds.

The Series 1991 Bonds are further secured by income received from, and funds deposited in, the Debt Service Reserve Account. **No other Prior Parity Bonds are, nor will the Series 2014AB Bonds or Taxable Series 2014C Bonds be, secured by or have any claim upon the Debt Service Reserve Account.**

## **Student Tuition and Fees**

The Board is authorized by law to retain all Student Tuition and Fees in its treasury and to credit such amounts to an account known as the University Income Fund. The Bond Resolution requires the Comptroller of the Board to deposit annually the Student Tuition and Fees into the Revenue Fund established by the Bond Resolution, as shall be necessary, together with Operating Revenues, to meet (i) operating and maintenance expenses of the System and (ii) together with transfers, if any, of investment income from the Debt Service Reserve Account to the Bond and Interest Sinking Fund Account (which investment income shall be applied to debt service only on those Bonds secured by the Debt Service Reserve Account), annual debt service and required deposits to the Debt Service Reserve Account and Repair and Replacement Reserve Account.

## **Repair and Replacement Reserve Account**

Pursuant to the Bond Resolution, the Board is required to establish and maintain a Repair and Replacement Reserve Account. On or before the close of each Fiscal Year, the Comptroller shall deposit in the Repair and Replacement Reserve Account from the funds remaining in the Revenue Fund, an amount not less than ten percent (10%) of the Maximum Annual Net Debt Service. The maximum amount which may be accumulated in such Account shall not exceed five percent (5%) of the replacement cost of the facilities constituting the System, as determined by the then current Engineering News Record Building Cost Index (or comparable index). All money and investments so held in such Account shall be used and held for use to pay the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and renovating or replacement of fixed equipment not paid as part of the ordinary maintenance and operation of the System. Moneys on deposit in the Repair and Replacement Reserve Account are not pledged as security for the payment of the Bonds. See “**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Flow of Funds – *Repair and Replacement Reserve Account***” in APPENDIX D.

## **Rate Covenant**

The Board covenants and agrees that it will adopt such rules and regulations as are necessary to assure reasonable occupancy and use of the System; and that the rents, fees, charges and admissions (including charges for utility and janitor services) chargeable to the occupants of, and students, faculty members and others using or being served by, or having the right to use or having the right to be served by, the System and Student Tuition and Fees shall be so fixed and revised from time to time and shall be so collected that the amount of Net Revenues plus Student Tuition and Fees in each Fiscal Year is at least equal to 2.0 times Maximum Annual Net Debt Service.

## **Parity Bonds**

Parity Bonds may be issued under the terms of the Bond Resolution only upon compliance with all of the following conditions:

1. The Comptroller must sign a written certificate to the effect that the Board is not in default as to any covenant, condition or obligation in connection with all Outstanding Bonds, and the resolutions authorizing the same.
2. All transfers and deposits to the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account (if any) and the Repair and Replacement Reserve Account, as provided in the Bond Resolution, must be current.

3. Parity Bonds must be issued for the purpose of repairing, improving or adding to the System, or for the purpose of refunding Bonds, or for any combination of such purposes.

4. For each of the two completed Fiscal Years immediately preceding the issuance of any Parity Bonds, the average of the sum of annual Net Revenues plus Student Tuition and Fees must be at least equal to 200 percent (2.0 times) of Maximum Annual Net Debt Service for the then Outstanding Bonds and the proposed Parity Bonds.

5. At the time of delivery of the proposed Parity Bonds, a determination must be made in the resolution authorizing such Parity Bonds whether such Parity Bonds shall be secured by or payable from any funds on deposit in the Debt Service Reserve Account. **The Board has provided in the authorizing resolution for the Series 2014AB Bonds that the Series 2014AB Bonds will not be secured by or payable from the Debt Service Reserve Account.**

6. Such Parity Bonds shall be authorized by a resolution adopted by the Board which shall conform in all respects to the terms and provisions of the Bond Resolution.

### **Outstanding Parity Bonds**

As of June 30, 2013, the Board had outstanding fifteen series of Bonds, including the Series 1991 Bonds, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003A Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2011C Bonds and the Series 2013A Bonds aggregating \$\_\_\_\_\_ (including the accreted value of outstanding capital appreciation Bonds), which are secured by a pledge of and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), and (iii) the Bond and Interest Sinking Fund Account. The Series 1991 Bonds are further secured by income received from, and funds on deposit in, the Debt Service Reserve Account.

### **BOOK-ENTRY ONLY SYSTEM**

#### **General Provisions**

*The following information concerning The Depository Trust Company, New York, New York (“DTC”) and its book-entry is based solely on information provided by DTC. Accordingly, no representation is made by the Board, the University, the Bond Registrar or the Purchaser as to the accuracy or completeness of such information, or as to the absence of changes in such information subsequent to the date hereof.*

DTC will act as securities depository for the Series 2014AB Bonds. The Series 2014AB Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014A Bond or Series 2014B Bond will be issued for each maturity of the related series of Series 2014AB Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of

Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiary. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2014AB Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014AB Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014AB Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014AB Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014AB Bonds, except in the event that use of the book-entry system for the Series 2014AB Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014AB Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014AB Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014AB Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014AB Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2014AB Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014AB Bonds, such as redemptions, tenders, defaults and proposed amendments to the documents. For example, Beneficial Owners of Series 2014AB Bonds may wish to ascertain that the nominee holding the Series 2014AB Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014AB Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2014AB Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014AB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Series 2014AB Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board or the Bond Registrar, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2014AB Bonds at any time by giving reasonable notice to the Board or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Series 2014AB Bonds are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2014AB Bonds will be printed and delivered to DTC.

### **Successor Securities Depository; Discontinuation of Book-Entry System**

In the event that (i) the Board determines that DTC is incapable of discharging its responsibilities described in the Bond Resolution and in the blanket letter of representations from the Board and accepted by DTC (the "*Representation Letter*"), (ii) the Representation Letter shall be terminated for any reason, or (iii) the Board determines that it is in the best interest of the Beneficial Owners of the Series 2014AB Bonds that they be able to obtain certificated Series 2014AB Bonds, the Board will notify DTC and the Direct Participants of the availability through DTC of certificated Series 2014AB Bonds and the Series 2014AB Bonds will no longer be restricted to being registered in the registry maintained by the Bond Registrar in the name of Cede & Co., as nominee of DTC. At that time, the Board may determine that the Series 2014AB Bonds shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Board, or such depository's agent or designee, or if the Board does not select such an alternate universal book-entry system, then the Series 2014AB Bonds may be registered in whatever name or names registered owners of Series 2014AB Bonds transferring or exchanging Series 2014AB Bonds shall designate, in accordance with the provisions of the Bond Resolution.



**PLAN OF FINANCE**

**Purpose of the Series 2014AB Bonds**

The proceeds of the Series 2014AB Bonds will be used, together with other lawfully available funds including the proceeds of the Taxable Series 2014C Bonds, to (i) pay a part of the cost of renovating and adding to the State Farm Center (formerly Assembly Hall) and constructing and equipping a new residence hall described under “The Project” below (collectively, the “*Project*”), and (ii) pay costs of issuing the Series 2014AB Bonds. See “**ESTIMATED SOURCES AND USES OF FUNDS.**”

Concurrently with the issuance of the Series 2014AB Bonds, the Board expects to issue the Taxable Series 2014C Bonds on a parity basis with the Series 2014AB Bonds and the Prior Parity Bonds to pay costs of the Project.

**The Project**

*Renovation and Addition, State Farm Center, Urbana.* This portion of the Project consists of improvements to the State Farm Center including the addition of guest suites, new floor seating, added restroom facilities, replacement of mechanical systems and controls to include air conditioning of the facility, replacement of building lighting and controls, replacement of the electrical distribution system, addressing requirements of applicable building codes and the Americans with Disabilities Act and enlarging the concourse for added concession space. In addition, a grand west entry addition containing new administrative offices and new points of entry will be included. Seating in the State Farm Center will be reduced to 15,200.

*Stanley O. Ikenberry Commons - Residence Hall No. 3, Urbana.* This portion of the Project consists of the construction and equipping of a new residence hall in the current location of Forbes Hall; demolition of Taft and Van Doren Residence Halls; a new storm water detention system within the west playing fields on First Street; and all associated site work to provide 155,000 gross square feet of residence hall.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds for the Series 2014 Bonds are as follows:

**SOURCES OF FUNDS**

Principal Amount of Series 2014A Bonds.....	\$
Principal Amount of Taxable Series 2014B Bonds.....	
Principal Amount of Taxable Series 2014C Bonds.....	
[Net] Reoffering [Premium][Discount].....	
Total Sources of Funds	\$

**USES OF FUNDS**

Costs of the Project <sup>(1)</sup> .....	\$
Costs of Issuance <sup>(2)</sup> .....	
Total Uses of Funds	\$

<sup>(1)</sup> Deposit to the Series 2014 Project Funds at Closing. Additional costs of the Project are to be paid from investment earnings on Series 2014 Bond proceeds and other lawfully available funds.

(2) Costs of issuance include Underwriters' discount, legal fees, financial advisory fees, rating agency fees, initial Trustee, Registrar and Paying Agent fees, credit facility and remarketing agent fees relating to the Taxable Series 2014C Bonds and other expenses incurred in connection with the issuance of the Series 2014 Bonds.

### PRO FORMA MAXIMUM ANNUAL NET DEBT SERVICE COVERAGE

The following table compares the Net Revenues of the System and Student Tuition and Fees with the estimated Maximum Annual Net Debt Service for the Series 2014AB Bonds, Taxable Series 2014C Bonds and the Outstanding Bonds, in order to determine a pro forma debt service coverage as if such debt service had been applied during the periods shown. For purposes of estimating debt service on the Series 2008 Bonds interest was estimated at \_\_\_\_\_% which represents, as of \_\_\_\_\_, 2014, the highest of (i) the actual rate at date of calculation, (ii) the average rate over the 12 months immediately preceding the date of calculation or (iii) the Revenue Bond Index. For purposes of estimating debt service on the Taxable Series 2014C Bonds interest was estimated at \_\_\_\_\_% which, as of \_\_\_\_\_, represents the interest rate on Government Obligations with comparable maturities.

	<b>Fiscal Year Ended June 30</b>				
	<b>(in 000's)</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Net Revenues	\$ 69,427	\$ 93,347	\$ 94,326	\$ 96,335	\$ 91,762
Student Tuition and Fees <sup>(1)</sup>	743,286	823,488	905,693	987,796	1,044,188
Total Available for Debt Service	\$ 812,713	\$ 916,835	\$ 1,000,019	\$ 1,084,131	\$1,135,950
Coverage of Maximum Annual Net Debt Service for the Series 2014AB Bonds and Outstanding Bonds Net MADS <sup>(2)</sup>	_____x	_____x	_____x	_____x	_____x

(1) Student Tuition and Fees is shown net of scholarships and fellowships.

(2) As of \_\_\_\_\_, the Board estimates, based on current market conditions, that following the issuance of the Series 2014AB Bonds, the Maximum Annual Debt Service for the Series 2014AB Bonds, Taxable Series 2014C Bonds and all Outstanding Bonds will be \$\_\_\_\_\_ in Fiscal Year\_\_\_\_\_.

Source: Compiled by the Office of the Comptroller of the University of Illinois from audited Annual Financial Reports of the University for Fiscal Years 2009-2013.

### ANNUAL DEBT SERVICE REQUIREMENTS ON THE BONDS

The table below shows assumed annual debt service on the Series 2014AB Bonds, the Taxable Series 2014C Bonds and all Outstanding Bonds as of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2014. The Taxable Series 2014C Bonds and Series 2008 Bonds bear interest at variable interest rates. All other Outstanding Bonds bear interest at fixed rates.

<b>Fiscal Year (Ending 6/30)</b>	<b>Series 2014AB Bonds</b>		<b>Taxable Series 2014C Bonds</b>	<b>Outstanding Debt Service<sup>(2)</sup></b>	<b>Total System Debt Service<sup>(1)(2)(3)</sup></b>
	<b>Principal</b>	<b>Interest</b>	<b>Debt Service<sup>(1)</sup></b>		
2014	\$	\$	\$	\$	\$
2015					
2016					

Fiscal Year (Ending 6/30)	Series 2014AB Bonds		Taxable Series 2014C	Outstanding Debt Service <sup>(2)</sup>	Total System Debt Service <sup>(1)(2)(3)</sup>
	Principal	Interest	Bonds Debt Service <sup>(1)</sup>		
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
<b>TOTAL</b>	\$	\$	\$	\$	\$

Totals may not foot due to rounding.

- (1) The Taxable Series 2014C Bonds are assumed to bear interest at a rate of \_\_\_% (the interest rate on Government Obligations with comparable maturities).
- (2) Includes the variable rate Series 2008 Bonds with an assumed interest rate of \_\_\_% (the highest of (i) the actual rate at date of calculation, (ii) the average rate over the 12 months immediately preceding the date of calculation or (iii) the Revenue Bond Index).
- (3) Reflects the issuance of the Series 2014 Bonds.

## AUXILIARY FACILITIES SYSTEM

### Background

The University of Illinois Auxiliary Facilities System was created in June of 1978 pursuant to the provisions of the Act which authorized the Board to combine and consolidate into a single System certain housing, parking, union, recreation/athletic, student-oriented health and miscellaneous facilities, the net revenues of which were then pledged to secure outstanding indebtedness of the Board. As described below, certain facilities of the Springfield campus of the University were transferred to and became part of the System during Fiscal Year 1996.

At the time of formation of the System, the Board refinanced, through advance refunding or exchange, all then outstanding indebtedness secured by the various buildings and facilities initially intended to form the System.

Since the creation of the System, the Board, in addition to providing for routine maintenance, has assessed one-half of one percent of the Replacement Value of its facilities annually for renewals and replacements, unusual or extraordinary maintenance or repairs, and renovation or replacement of fixed equipment to sustain the physical and operating integrity of the System. Approved mandatory transfers for such purposes approximate \$12.5 million each year.

### **Description of Facilities**

The facilities comprising the System service various aspects of student campus life and include student residence halls, parking structures, student unions and recreation and athletic facilities. The University currently has residence hall and apartment facilities for about 13,870 single students and apartments for about 1,129 students and ten parking structures with a total capacity for approximately 10,391 cars. The University has three student union buildings, one at the Urbana-Champaign campus and two at the Chicago campus, which include lounges, food service, bowling and billiards facilities, meeting rooms, bookstores and other recreational facilities.

The development of recreation and athletic facilities dates back to 1925 on the Urbana-Champaign campus with the construction of Memorial Stadium, which seats approximately 62,000 persons, and the Ice Arena, which was originally constructed in 1930. The multi-purpose 15,200 seat State Farm Center, which provides a venue for entertainment and sporting events, was constructed in 1963 at Urbana-Champaign. The multi-purpose 9,500 seat Pavilion, which serves a similar function in Chicago, was constructed in 1982. The University's McKinley Health Center, originally constructed in 1925-26, provides clinical treatment for students and staff at the Urbana-Champaign campus.

Student Services buildings in Chicago and in Urbana-Champaign provide centralized locations for comprehensive programs of student services, including career development and placement, student financial aid, student activities and student counseling and assistance. Springfield campus facilities added to the System include a 56 unit on-campus housing complex known as University Court, food service operations, parking operations, bookstore operations, the 2,000 seat Sangamon Auditorium, a 10,000 square feet multi-purpose gymnasium and a child care center.

Recent additions to the Auxiliary Facilities System include: (1) infrastructure repairs and improvements to the Illini Union at the Urbana-Champaign campus, (2) construction of the Student Dining and Residential Programs building at Urbana-Champaign and (3) construction of Nugent Residence Hall at Urbana-Champaign. Construction is nearing completion on Bousfield Hall at Urbana-Champaign, part of a long-term redevelopment plan of the housing stock known as Ikenberry Commons.

### **Housing Occupancy Rates**

For the past five Fiscal Years, Ended June 30, 2013, the average occupancy of existing housing facilities of the Board, included within the System, has exceeded 90%.

### **Financial Condition of the Auxiliary Facilities System**

The financial statements of the System are presented in accordance with U.S. generally accepted accounting principles.

Included in **APPENDIX B** is the most recent Annual Financial Report of the Auxiliary Facilities System for Fiscal Year 2013. The Annual Financial Report of the Auxiliary Facilities System set forth as **APPENDIX B** consists of the Statement of Net Position as of June 30, 2013, the Statement of

Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2013, the Statement of Cash Flows for the Year Ended June 30, 2013, and the notes to financial statements.

### Statement of Revenues, Expenses and Changes in Net Position of the Auxiliary Facilities System

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of the System for the Years Ended June 30, 2013, 2012, 2011 and 2010.

	Fiscal Year Ended June 30,			
	2013	2012	2011	2010
<b>Operating revenues:</b>				
Room and board, net of waivers	\$ 132,752,112	\$ 130,414,642	\$ 125,497,448	\$ 121,897,163
Merchandise and retail food sales	35,174,489	36,415,535	31,823,331	31,850,997
Student service fees	92,896,878	91,195,310	89,015,513	88,193,121
Public events and recreation fees	8,131,988	8,208,109	7,814,351	8,256,358
Parking income	25,639,299	25,192,338	22,360,696	22,352,952
Rental and lease income	20,022,277	19,531,287	21,327,286	20,515,928
Vending income	1,802,693	1,764,494	1,342,045	1,342,674
Other operating revenue	9,634,172	8,979,726	11,993,993	11,880,089
<b>Total operating revenues</b>	<b>326,053,908</b>	<b>321,701,441</b>	<b>311,174,663</b>	<b>306,289,282</b>
<b>Operating expenses:</b>				
Salaries and wages	87,887,020	83,799,604	82,032,536	82,470,032
Merchandise and food for resale	37,463,516	36,680,580	30,829,423	31,508,083
Repair and maintenance	5,256,655	3,756,261	3,331,307	3,521,268
Professional and other contractual services	35,566,607	38,005,205	37,935,429	33,430,926
Utilities	27,949,356	27,404,026	28,584,476	26,355,186
Supplies	11,586,743	10,710,374	10,503,425	12,496,674
Noncapitalized equipment and equipment rental	1,782,889	1,828,653	1,884,290	1,788,554
Administrative services	15,167,503	14,673,730	14,747,704	14,377,333
Other operating expense	13,399,087	10,657,382	9,425,646	10,502,254
Depreciation	31,227,774	30,673,059	29,860,796	28,673,198
On behalf payments for fringe benefits	45,845,260	33,649,533	28,331,030	26,900,395
<b>Total operating expenses</b>	<b>313,132,410</b>	<b>291,838,407</b>	<b>277,466,062</b>	<b>272,023,903</b>
<b>Operating income</b>	<b>12,921,498</b>	<b>29,863,034</b>	<b>33,708,601</b>	<b>34,265,379</b>
<b>Non-operating revenues (expenses):</b>				
On behalf payments for fringe benefits	45,845,260	33,649,533	28,331,030	26,900,395
Investment income (net of related expenses)	1,767,939	2,149,696	2,425,812	3,507,810
Interest on capital asset-related debt	(46,896,806)	(45,704,296)	(49,672,498)	(46,277,554)
Amortization of issuance costs	(375,741)	(338,393)	(299,557)	(275,283)
Loss on disposal of capital assets	(732,416)	(322,198)	(630,786)	(164,055)
Other non-operating revenues (expenses), net	(636,452)	46,532	(180,891)	(204,886)
<b>Net non-operating revenues (expenses)</b>	<b>(1,028,216)</b>	<b>(10,519,126)</b>	<b>(20,026,890)</b>	<b>(16,513,573)</b>
<b>Increase in net position</b>	<b>11,893,282</b>	<b>19,343,908</b>	<b>13,681,711</b>	<b>17,751,806</b>
<b>Net position, beginning of year</b>	<b>155,934,437</b>	<b>136,590,529</b>	<b>122,908,818</b>	<b>105,157,012</b>
<b>Net position, end of year</b>	<b>\$ 167,827,719</b>	<b>\$ 155,934,437</b>	<b>\$ 136,590,529</b>	<b>\$ 122,908,818</b>

For more detailed information, see “ANNUAL FINANCIAL REPORT FOR THE UNIVERSITY OF ILLINOIS AUXILIARY FACILITIES SYSTEM FOR THE YEAR ENDED JUNE 30, 2013” in APPENDIX B.

## TAX MATTERS

### Series 2014A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the Series 2014A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Board has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2014A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2014A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014A Bonds.

Subject to the Board's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2014A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Series 2014A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Board with respect to certain material facts within the Board's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Series 2014A Bonds.

Ownership of the Series 2014A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2014A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Series 2014A Bonds is the price at which a substantial amount of such maturity of the Series 2014A Bonds is first sold to the public. The Issue Price of a maturity of the Series 2014A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Series 2014A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2014A Bonds (the "*Series 2014A OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an Series 2014A OID Bond in the initial public offering at the Issue Price for such maturity and who holds such Series 2014A OID Bond to its stated maturity, subject to the condition that the Board complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such Series 2014A OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such Series 2014A OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such Series 2014A OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of Series 2014A OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Series 2014A OID Bonds.

Owners of Series 2014A Bonds who dispose of Series 2014A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2014A Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2014A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2014A Bond is purchased at any time for a price that is less than the Series 2014A Bond's stated redemption price at maturity or, in the case of an Series 2014A OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Series 2014A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2014A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an Series 2014A OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2014A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2014A Bonds.

An investor may purchase a Series 2014A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2014A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2014A Bond. Investors who purchase a Series 2014A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2014A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2014A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2014A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2014A Bonds should consult their

own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “*Service*”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2014A Bonds. If an audit is commenced, under current procedures the Service may treat the Board as a taxpayer and the Series 2014A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2014A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2014A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2014A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2014A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

### **Taxable Series 2014B Bonds**

Interest on the Taxable Series 2014B Bonds is not excludable from gross income of the owners thereof for federal income tax purposes. Ownership of the Taxable Series 2014B Bonds may result in other federal income tax consequences to certain taxpayers. Prospective purchasers of Taxable Series 2014B Bonds should consult their tax advisors with respect to the inclusion of interest on the Taxable Series 2014B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

### **State and Local Considerations**

Interest on the Series 2014AB Bonds is not exempt from present Illinois income taxes. Ownership of the Series 2014AB Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2014AB Bonds. Prospective purchasers of the Series 2014AB Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

## **LITIGATION**

There is no litigation pending against the Board or the University, or to the knowledge of the Board threatened, which in any way questions or affects the validity of the Series 2014AB Bonds or any proceedings or transactions relating to their issuance, sale and delivery. The Board is not aware of any litigation, the resolution of which would have a material adverse impact on the Board’s ability to meet debt service on the Series 2014AB Bonds.

## **LEGAL MATTERS**

Certain legal matters incidental to the authorization, issuance and sale of the Series 2014AB Bonds by the Board are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (“*Bond Counsel*”), which has been retained by, and acts as, Bond



Counsel to the Board. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2014AB Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriters, reviewed the statements describing its approving opinion and the statements under the captions **“DESCRIPTION OF THE SERIES 2014AB BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General,” “– Student Tuition and Fees,” “– Repair and Replacement Reserve Account,” “– Rate Covenant,” and “– Parity Bonds,” “TAX MATTERS,” and “APPENDIX D – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION”** solely to determine whether such descriptions are accurate summaries in all material respects. This review was undertaken solely at the request and for the benefit of the Underwriters. The proposed forms of the opinions of Bond Counsel are included hereto as **APPENDIX E**.

Certain legal matters in connection with the Series 2014AB Bonds will be passed upon for the Board by University Counsel, Thomas R. Bearrows, Esq., and its special issuer’s counsel, Freeborn & Peters LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by Katten Muchin Rosenman LLP, Chicago, Illinois, who was selected by the Underwriters from a limited pool of underwriter’s counsel firms provided by the University.

## **UNDERWRITING**

The Underwriters have agreed, subject to certain customary conditions precedent to closing, to purchase from the Board the Series 2014A Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the original principal amount of the Series 2014A Bonds, less an underwriting discount of \$\_\_\_\_\_, [plus][minus] a [net] original issue [premium][discount] of \$\_\_\_\_\_ and the Taxable Series 2014B Bonds at a purchase price of \$\_\_\_\_\_ (which is equal to the original principal amount of the Series 2014A Bonds, less an underwriting discount of \$\_\_\_\_\_, [plus][minus] a [net] original issue [premium][discount] of \$\_\_\_\_\_. The Underwriters will be obligated to purchase all of the Series 2014AB Bonds if any Series 2014AB Bonds are purchased.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association (“WFBNA”), one of the Underwriters of the Series 2014AB Bonds, has entered into an agreement (the “Distribution Agreement”) with its affiliate, Wells Fargo Advisors, LLC (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2014AB Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2014 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC (“WFSLLC”) and Wells Fargo Institutional Securities, LLC (“WFIS”), for the distribution of municipal securities offerings, including the Series 2014AB Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Additionally, WFBNA is serving as the underwriter and initial remarketing agent for the Taxable Series 2014C Bonds.

Loop Capital Markets LLC (“LCM”), one of the Underwriters of the Series 2014AB Bonds, has entered into distribution agreements (each a “Distribution Agreement”) with each of UBS

Financial Services Inc. (“UBSFS”) and Deutsche Bank Securities Inc. (“DBS”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement (if applicable to this transaction), each of UBSFS and DBS will purchase Series 2014AB Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2014AB Bonds that such firm sells.

### **FINANCIAL ADVISOR**

Public Financial Management, Inc. is serving as Financial Advisor to the Board on debt and capital related issues, including the issuance of the Series 2014AB Bonds.

All of the summaries of the opinions, contracts, agreements, financial and statistical data, and other related documents described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection at the offices of the Board’s Financial Advisor, Public Financial Management, Inc., or at the University’s Office of the Vice President for Administration.

### **INDEPENDENT AUDITORS**

The financial statements of the System and the financial statements of the University as of and for the year ended June 30, 2013 are included in **APPENDIX B** and **APPENDIX C**, respectively, and have been audited by KPMG LLP, independent auditors, as stated in their reports included in **APPENDIX B** and **APPENDIX C**, respectively.

### **RATINGS**

Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies (“S&P”), and Moody’s Investors Service (“Moody’s”) have assigned the respective ratings set forth on the cover page of this Official Statement to the Series 2014AB Bonds. The ratings and an explanation of their significance may be obtained from the rating agency furnishing such rating. Such ratings reflect only the respective views of the rating agencies. The ratings are not recommendations to buy, sell or hold the Series 2014AB Bonds. The ratings are subject to revision or withdrawal at any time, and any such revision or withdrawal may affect the market price or marketability of the Series 2014AB Bonds. No rating was requested from any other rating service.

The Board and the University furnished to the above rating agencies certain information and materials, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agencies. There is no assurance that any rating will remain for any given period of time or that any rating will not be revised downward or withdrawn entirely if, in the judgment of the appropriate rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price or marketability of the Series 2014AB Bonds.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with certain provisions of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, the Board has agreed in a Continuing Disclosure Agreement to provide to certain parties certain annual financial information and operating data and notices of certain material events. The proposed form of the Continuing Disclosure Agreement is

included as **APPENDIX F** to this Official Statement. The Board is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. The Continuing Disclosure Agreement may be enforced by any beneficial or registered owner of the Series 2014AB Bonds, but the Board's failure to comply will not be a default under the Bond Resolution.

Annual disclosure and notices of certain events will be submitted to the Municipal Securities Rulemaking through its Electronic Municipal Market Access system currently available at <http://emma.msrb.org/>.

#### **ADDITIONAL INFORMATION**

All of the summaries of the opinions, contracts, agreements, financial and statistical data, and other related documents described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection at the offices of the Board's Financial Advisor, Public Financial Management Inc., 99 Summer Street, Boston, Massachusetts 02113, or at the University's Office of the Vice President for Administration, 349 Henry Administration Building, 506 South Wright Street, Urbana, Illinois 61801.

**CERTIFICATION**

As of the date hereof, this Official Statement is, to the best of my knowledge, complete and correct in all material respects and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. The preparation of this Official Statement and its distribution has been authorized by The Board of Trustees of the University of Illinois.

**THE BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ILLINOIS**

By: \_\_\_\_\_  
Vice President, Chief Financial Officer  
and Comptroller

APPENDIX A

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

APPENDIX B

ANNUAL FINANCIAL REPORT FOR THE UNIVERSITY OF ILLINOIS AUXILIARY FACILITIES  
SYSTEM FOR THE YEAR ENDED JUNE 30, 2013

APPENDIX C

ANNUAL FINANCIAL REPORT FOR THE UNIVERSITY OF ILLINOIS FOR THE YEAR ENDED JUNE 30, 2013

## APPENDIX D

### DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

#### DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Official Statement

“*Act*” means the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended, 110 ILCS 405/1, et seq.

“*Annual Net Debt Service*” means an amount equal to the principal of and interest on all Bonds coming due in such Fiscal Year; *provided, however* that:

(i) in the case of any Bonds for which a sinking fund has been established, the principal due thereon will be deemed to mature in each year in which a payment is required to be made into such sinking fund in the amount of such payment;

(ii) payments on Bonds which have been refunded or which are to be made from funds escrowed or deposited with a third party will be excluded;

(iii) in the event Commercial Paper has been issued, at the option of the Comptroller as specified on the date of each issue of Commercial Paper, any computation of Annual Net Debt Service will exclude such Commercial Paper and will instead be calculated as if the Commercial Paper were Projected Long Term Debt;

(iv) in the event any Bonds (other than Commercial Paper) are being issued which bear, or are to bear, interest at a variable rate, Annual Net Debt Service on such variable rate Bonds for any such Fiscal Year will be computed by assuming that the rate of interest applicable to such Fiscal Year or Fiscal Years is the highest of (A) the actual rate at the date of calculation, or if the Bonds are not yet Outstanding, the initial rate, (B) if the Bonds have been Outstanding for at least 12 months, the average rate over the 12 months immediately preceding the date of calculation, and (C)(1) if interest on the Bonds is issued as excludable from gross income under the applicable provisions of the Code, the rate of interest shown in the most recently published Revenue Bond Index or (2) if interest on the Bonds is not intended to be so excludable, the interest rate on Government Obligations with comparable maturities, but in each case not in excess of the rate authorized by law; and

(v) in the event the Board enters into a Hedging Transaction in connection with the issuance of any Bonds, the computation of the Annual Net Debt Service for such Bonds may, at the option of the Comptroller, include payments made and received by the Board or to be made and received by the Board under the related Hedging Transaction, *provided* that at the time such option is initially exercised the Comptroller delivers a



certificate to the effect that (1) the institution other than the Board that is party to such Hedging Transaction (the “*Counterparty*”) is obligated under such Hedging Transaction to make payments thereunder for the period for which the computation of the Annual Net Debt Service on such Bonds is being determined, and (2) as of the date the Board and the Counterparty entered into such Hedging Transaction, the long-term debt obligations of the Counterparty or of any guarantor of the Counterparty’s obligations under such Hedging Transaction were rated “A” or better by Moody’s or S&P.

“*Authorized Denomination*” means \$5,000 or any integral multiple thereof.

“*Auxiliary Facilities System*” or “*System*” means the Existing Facilities and such additional facility or facilities as the same, or any part or portion of such facilities, are hereafter from time to time acquired and included in the System by the Board pursuant to the Bond Resolution, and excepting those parts of the System which from time to time may be disposed of or abandoned as provided in the Bond Resolution.

“*Board*” means The Board of Trustees of the University of Illinois and its successors and assigns.

“*Bond*” or “*Bonds*” means the University of Illinois Auxiliary Facilities System Revenue Bonds, including the Series 2014 Bonds, issued under the provisions of the Bond Resolution.

“*Bond Fund*” means the Bond and Interest Sinking Fund Account created by the Bond Resolution.

“*Bondholder*” or “*Owner*” or “*Holder*” means, as of any time, the registered owner of any Series 2014AB Bond as shown in the register kept by the Bond Registrar.

“*Bond Registrar*” means The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, and its successors and assigns.

“*Bond Resolution*” means the resolution adopted by the Board on September 20, 1984, providing for the issuance of revenue bonds by the Board under the Act, as such resolution has been supplemented and amended (including but not limited to the Twentieth Supplemental Resolution), and as it may be supplemented and amended in the future in accordance with its terms.

“*Closing Date*” means the date of delivery of the Series 2014AB Bonds to the Underwriters against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commercial Paper*” means Bonds issued for any purpose in connection with a program of commercial paper, as such term is generally understood, maturing not later than 270 days from the date of issuance thereof.

*“Debt Service Reserve Account”* means the Debt Service Reserve Account established pursuant to the requirements of the Bond Resolution. *The Series 2014 Bonds will not be secured by the Debt Service Reserve Account.*

*“Existing Facilities”* means the existing housing, parking, union, athletic, recreational, student-oriented health and other revenue producing buildings and facilities (including equipment) of the University described in the Bond Resolution, together with all improvements, repairs, extensions or replacements as may be constructed or acquired, that have not been abandoned for economic nonfeasibility.

*“Favorable Opinion of Bond Counsel”* means, with respect to any action relating to the Series 2014AB Bonds, the occurrence of which requires such an opinion to be delivered after the date of issuance thereof, (i) in the case of the Series 2014A Bonds, an Opinion of Bond Counsel addressed to the Board to the effect that the action proposed to be taken is not prohibited by the laws of the State of Illinois and the Bond Resolution and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2014A Bonds (subject to customary exceptions) and (ii) in the case of the Taxable Series 2014B Bonds, an Opinion of Bond Counsel addressed to the Board to the effect that the action proposed to be taken is not prohibited by the laws of the State of Illinois and the Bond Resolution.

*“Fiscal Year”* means the period commencing July 1 and ending June 30 of each succeeding calendar year.

*“Government Obligations”* means securities which are direct obligations of the United States of America (including trust receipts evidencing an interest therein) and securities for which the United States of America has fully guaranteed the payment of principal and interest.

*“Hedging Transaction”* means an agreement, expressly identified in a certificate of the Comptroller as being entered into in order to hedge the interest payable on all or a portion of any Bonds, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

*“Maximum Annual Net Debt Service”* means the maximum Annual Net Debt Service payable in any future Fiscal Year. For purposes of determining Maximum Annual Net Debt Service for Bonds secured by the Debt Service Reserve Account, the income to be earned on the Debt Service Reserve Account will be estimated at no more than 9.0% per annum.

*“Net Revenues”* means that portion of the Operating Revenues remaining after providing sufficient funds for the reasonable and necessary cost of currently maintaining, repairing, insuring and operating the System.

*“Operating Revenues”* means all rentals, student service fees, charges, income and other revenues received from the continued use and operation of the System, but does not include Student Tuition and Fees or transfers from the Debt Service Reserve Account, Repair and

Replacement Reserve Account, Equipment Reserve Account, or Non-Instructional Facilities (Development) Reserve Account.

“*Parity Bonds*” means any additional Bonds authorized to be issued under the Bond Resolution and ranking *pari passu* with the outstanding Bonds.

“*Prior Parity Bonds*” means the Series 1991 Bonds, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003A Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2011C Bonds and the Series 2013A Bonds.

“*Project*” means the improvements and additions to the Auxiliary Facilities System described in the body of this Official Statement under the caption “PLAN OF FINANCE—The Project”.

“*Projected Long-Term Debt*” means, as of the date of any determination thereof, Bonds maturing in substantially equal annual payments of principal and interest over a period of 30 years from the date of original issuance thereof and an average annual rate of interest equal to the then current rate of interest shown in the most recently published Revenue Bond Index, if interest on the Projected Long-Term Debt is issued as excludable from gross income under the applicable provisions of the Code, or, if the interest on any Projected Long-Term Debt is not intended to be so excludable, the interest rate on direct U.S. Treasury Obligations with a 30-year maturity.

“*Reserve Account Credit Instrument*” means, for Bonds secured by the Debt Service Reserve Account, an insurance policy, surety bond or irrevocable letter of credit which may be delivered to the Bond Registrar in lieu of or in partial substitution for cash or securities required to be on deposit in the Debt Service Reserve Account. In the case of an insurance policy or surety bond, the company providing the same will be an insurer which, at the time of issuance of the policy, has been assigned the highest rating accorded insurers by Moody’s and S&P, and the policy or bond will be subject to the irrevocable right of the Bond Registrar to draw thereon in a timely fashion upon satisfaction of any conditions set forth in the Bond Resolution. In the case of a letter of credit, the letter of credit will be irrevocable and will be payable to the Bond Registrar and will be issued by a banking institution having a credit rating on its long-term unsecured debt within one of the two highest rating categories from Moody’s and S&P.

“*Revenue Bond Index*” means the weekly index of interest rates on revenue bonds known as the “25-Bond Revenue Index” published by *The Bond Buyer* or, if such index is no longer being published, any other index of interest rates borne by revenue bonds, the interest of which is exempt from Federal income taxation, having a maturity of 30 years.

“*Securities Act*” means the Securities Act of 1933, as amended, and any successor thereto.

“*Series 1991 Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 1999A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 1999B Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2001A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2001B Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2003A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2005A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2006 Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2008 Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2009A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2010A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2011A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2011B Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2011C Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2013A Bonds*” means that series of presently outstanding Bonds authorized by the Board in the Bond Resolution.

“*Series 2014AB Bond and Interest Subaccounts*” means the separate subaccounts of the Bond and Interest Sinking Fund Account established under the Twentieth Supplemental Resolution to secure each series of the Series 2014AB Bonds.

“*Series 2014 Bonds*” means, collectively, the Series 2014AB Bonds and the Taxable Series 2014C Bonds.

“*Series 2014A Bonds*” means the Board’s University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A, issued under the Bond Resolution in the aggregate principal amount of \$\_\_\_\_\_.

“*Series 2014AB Bonds*” means, collectively, the Series 2014A Bonds and the Taxable Series 2014B Bonds.

“*Series 2014AB Cost of Issuance Funds*” means the separate accounting funds established under the Twentieth Supplemental Resolution to pay costs of issuance of the Series 2014AB Bonds.

“*Series 2014AB Project Funds*” means the separate accounting funds established under the Twentieth Supplemental Resolution to pay costs of the Project.

“*Student Tuition and Fees*” means the moneys collected from students matriculated, registered or otherwise enrolled at or attending the University for tuition, application, extension, registration, matriculation, admission, student activities and student services, excluding those fees assessed for the use and operation of the System.

“*Taxable Series 2014B Bonds*” means the Board’s University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable), issued under the Bond Resolution in the aggregate principal amount of \$\_\_\_\_\_.

“*Taxable Series 2014C Bonds*” means the Board’s University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2014C (Taxable), issued under the Bond Resolution in the aggregate principal amount of \$\_\_\_\_\_.

“*Twentieth Supplemental Resolution*” means the Twentieth Supplemental System Revenue Bond Resolution approved by the Board on January 23, 2014, authorizing the issuance of the Series 2014 Bonds.

“*Underwriters*” means the purchasers of the Series 2014AB Bonds identified in the body of this Official Statement under the heading “UNDERWRITING.”

“*University*” means the University of Illinois.

## SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Series 2014AB Bonds will be issued under the Bond Resolution adopted by the Board on September 20, 1984, as supplemented and amended, and particularly as supplemented by the Twentieth Supplemental Resolution. Reference is made to the Bond Resolution for complete details of the terms of the Series 2014AB Bonds and the security for the Series 2014AB Bonds. Certain provisions of the Bond Resolution are summarized under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The following is a summary of certain additional provisions of the Bond Resolution and should not be considered as a full statement of the Bond Resolution.

### BOND PROCEEDS

The proceeds of the Series 2014AB Bonds will be used to (i) improve or add to certain facilities which are or will become part of the System, all as more fully described in the body of this Official Statement under the caption “PLAN OF FINANCE—The Project” and (ii) pay costs of issuing the Series 2014AB Bonds.

*Series 2014AB Costs of Issuance Funds.* As described in the body of this Official Statement, a portion of the principal proceeds of each series of Series 2014AB Bonds will be deposited into separate accounting funds, each to be known as a “Series 2014\_ Costs of Issuance Fund” with the title to reflect the Series designation of the related Series of the 2014AB Bonds. Each Series 2014AB Costs of Issuance Fund will be applied to the payment of the costs of issuance of the related series of Series 2014AB Bonds. If there are funds remaining in a Series 2014AB Costs of Issuance Fund after all such costs have been paid, said funds, and any interest earned on the investment of moneys in such account, will be withdrawn by the Comptroller and deposited in the related Series 2014AB Project Fund or related Series 2014AB Bond and Interest Subaccount, to be used only for the purposes described in the Bond Resolution, subject, in the case of the Series 2014A Bonds, to the further provisions of the Tax Agreement.

Pending disbursement for the purpose aforesaid, the Comptroller may from time to time invest all or any part of the moneys in a Series 2014AB Costs of Issuance Fund in any investment permitted by the laws of the State of Illinois for the investment of public funds having a maturity date, or becoming due at the option of the holder, not more than six months subsequent to the date of investment, having due regard to the times such moneys will be needed. Interest accruing as a result of any such investments when received shall be credited to such Series 2014AB Costs of Issuance Fund or, at the option of the Comptroller, may be deposited, at the direction of the Comptroller, into the related Series 2014AB Bond and Interest Subaccount, to be used only to pay debt service on the related Series of the 2014AB Bonds, subject, in the case of the Series 2014A Bonds, to the further provisions of the Tax Agreement.

*Series 2014AB Project Funds.* As described in the body of this Official Statement, a portion of the principal proceeds of each series of the Series 2014AB Bonds will be deposited into separate accounting funds, each to be known as the “Series 2014\_ Project Fund,” which will be held in a bank or banks which are members of the Federal Deposit Insurance Corporation, with the title to reflect the Series designation of the related Series of the 2014AB Bonds. The

moneys in the Series 2014AB Project Funds will be applied to the payment of costs of the Project in such a manner as to assure completion of that portion of the Project financed thereby, free and clear of mechanic's liens and substantially in accordance with the plans and specifications therefor. The description of the Project set forth in the Twentieth Supplemental Resolution (the "*Project Description*") may be supplemented or amended at any time by the Board, without the consent of any Bondholder as long as the facilities to be added to the Project Description are authorized by the Act and upon receipt of a Favorable Opinion of Bond Counsel with respect to such supplement or amendment. Prior to the application of money in a Series 2014AB Project Fund for the cost of facilities to be included in an amended Project Description and if the facilities to be so included are not already a part of the System, the Board will adopt a resolution which describes such new facilities in sufficient detail to allow such facilities to be included in the System and which includes such new facilities in the System.

The Comptroller may from time to time invest all or any part of the moneys in a Series 2014AB Project Fund in any investment permitted by the laws of the State for the investment of public funds and the Bond Resolution having a maturity date, or becoming due at the option of the holder, not more than three years subsequent to the date of investment having due regard to the estimates of the supervising architects in charge of the portion of the Project being financed thereby as to the times such moneys will be needed. Interest accruing as a result of any such investments when received will be credited to the related Series 2014AB Project Fund or to the related Series 2014AB Bond and Interest Subaccount, as determined by the Comptroller.

Prior to completion of the portion of the Project being financed with amounts on deposit in a Series 2014AB Project Fund, the Comptroller of the Board, upon determining that the amount on deposit in such Series 2014AB Project Fund, together with anticipated interest earnings thereon, is sufficient to complete such portion of the Project, free and clear of mechanics' liens and substantially in accordance with the plans and specifications therefor, may withdraw such amount as may be determined in his discretion to be unnecessary for the completion of such portion of the Project from such Series 2014AB Project Fund and deposit the same (i) upon receipt of a Favorable Opinion of Bond Counsel, in another Series Project Fund established under the Twentieth Supplemental Resolution or (ii) in the related Series 2014AB Bond and Interest Subaccount.

#### FLOW OF FUNDS

The Operating Revenues of the System will be deposited as collected by the Comptroller of the Board in a general banking account of the University to the credit of a special fund created and designated as the Auxiliary Facilities System Revenue Fund (the "*Revenue Fund*") which fund will be maintained by the Bond Registrar. The Comptroller will also deposit in the Revenue Fund such Student Tuition and Fees as will be necessary together with Operating Revenues to meet (i) operating and maintenance expenses of the System and (ii) together with transfers, if any, of investment income from the Debt Service Reserve Account to the Bond and Interest Sinking Fund Account (which investment income will be applied to debt service only on those Bonds secured by the Debt Service Reserve Account), annual debt service on the Bonds and required deposits to the Debt Service Reserve Account and Repair and Replacement Reserve Account, all as required by the Bond Resolution.

**The Bond and Interest Sinking Fund Account will be held in trust by the Bond Registrar for the benefit of the Owners of the Bonds. All moneys credited to such Account will be irrevocably pledged to and used solely for payment of interest on the Bonds and for payment, redemption, and retirement of principal of the Bonds; provided that moneys credited to the Debt Service Reserve Account are not pledged to, and will not be used to pay debt service on, the Series 2014AB Bonds, the Taxable Series 2014C Bonds or any of the Prior Parity Bonds except the Series 1991 Bonds.**

All moneys in the funds and accounts established pursuant to the Bond Resolution will be used and held for use only in the manner and in the order designated below.

*Operation and Maintenance.* Current expenses of the System will be payable from the Revenue Fund as the same become due and payable and will include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, fees due the Bond Registrar on the Bonds, a properly allocated share of charges for insurance and all other expenses incident to the operation of the System. At the end of each Fiscal Year, the Board may retain in the Revenue Fund moneys sufficient for operation and maintenance expenses for the next 30 days as an operating reserve.

*Bond and Interest Sinking Fund Account.* The Comptroller, after providing for the payment of current operating and maintenance expenses, will transfer from the Revenue Fund, and deposit to the credit of the Bond and Interest Sinking Fund Account such amounts, together with any investment income transferred from the Debt Service Reserve Account and deposited to the Bond and Interest Sinking Fund Account for the purpose of paying maturing principal and interest (which investment income will be applied to debt service only on those Bonds secured by the Debt Service Reserve Account and not to any other Bonds), as will be sufficient to pay the principal and interest on the Bonds as they become due.

Pursuant to authorization contained in the Twentieth Supplemental Resolution, the Comptroller will create and establish the Series 2014 Bond and Interest Subaccounts as separate subaccounts of the Bond and Interest Sinking Fund Account. For Parity Bonds, the supplemental resolution creating the issue will amend the provisions of the Bond Resolution summarized in the preceding paragraph, as necessary, to provide for the deposit of moneys in the Bond and Interest Sinking Fund in sufficient amounts to pay or redeem such Parity Bonds in accordance with the terms thereof.

*Debt Service Reserve Account.* The Series 1991 Bonds are secured by income received from, and funds deposited in, the Debt Service Reserve Account. None of the Series 2014 Bonds or the other Prior Parity Bonds have any claim upon the Debt Service Reserve Account.

With respect to the issuance of future Parity Bonds, the Board may create subaccounts in the Debt Service Reserve Account securing a particular series of Parity Bonds, or the Board may provide that a particular series of Parity Bonds to be issued (i) will not be secured by the Debt Service Reserve Account, (ii) will be secured by a separate subaccount in the Debt Service Reserve Account in an amount equal to or less than the Maximum Annual Net Debt Service on such Parity Bonds, or (iii) will be secured by a Reserve Account Credit Instrument.



Any subaccount securing any future issue of Parity Bonds will be maintained in an amount equal to the requirement provided in the supplemental Resolution authorizing the issuance of such Parity Bonds (the “*Reserve Requirement*”) for the Parity Bonds secured by such subaccount. Funds on deposit in such subaccount will be transferred by the Bond Registrar to the Bond and Interest Sinking Fund Account and used to pay debt service on the Parity Bonds secured by such subaccount in the event funds on deposit in the Bond and Interest Sinking Fund Account are insufficient therefor. If at any time the amount on deposit in the subaccount exceeds the Reserve Requirement for the Parity Bonds secured thereby, the excess may be withdrawn and used to pay debt service on such Parity Bonds or to purchase or redeem such Parity Bonds.

The Debt Service Reserve Account will be held in trust by the Bond Registrar. All moneys credited to the Debt Service Reserve Account will be irrevocably pledged to and solely used as described in the Bond Resolution.

If at the end of any Fiscal Year the amount on deposit in a subaccount of the Debt Service Reserve Account (valued on the basis of market) is less than the Reserve Requirement for the Bonds secured thereby, the Comptroller will transfer funds from the Revenue Fund and deposit into the subaccount not later than the end of the next succeeding Fiscal Year an amount not less than that necessary to restore the subaccount to the Reserve Requirement for the Bonds secured thereby.

The Board may provide for the deposit of a Reserve Account Credit Instrument in lieu of cash to satisfy the Reserve Requirement in the Debt Service Reserve Account for any future Parity Bonds; *provided* that in such event the Board will create a separate subaccount in the Debt Service Reserve Account to secure such Parity Bonds, and such Parity Bonds will have no claim on any other cash or assets in the Debt Service Reserve Account.

*Repair and Replacement Reserve Account.* The Comptroller will transfer from the funds remaining in the Revenue Fund and deposit in the Repair and Replacement Reserve Account on or before the close of each Fiscal Year, an amount not less than ten percent (10%) of Maximum Annual Net Debt Service for a repair and replacement reserve. The maximum amount which may be accumulated in such Account will not exceed five percent (5%) of the replacement cost of the facilities constituting the System, as determined by the then current Engineering News Record Building Cost Index (or comparable index). All money and investments so held in said Account will be used and held for use to pay the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and renovating or replacement of fixed equipment not paid as part of the ordinary maintenance and operation of the System. Moneys on deposit in the Repair and Replacement Reserve Account are not pledged as security for the payment of the Bonds.

*Non-Instructional Facilities (Development) Reserve Account.* The Comptroller will transfer from funds remaining in the Revenue Fund and deposit into the Non-Instructional Facilities (Development) Reserve Account such funds as have been approved by the Board for expenditure or planned for expenditure for new space or construction in, or an addition to, a facility constituting a part of the System consistent with the purpose and mission of that facility.

Moneys on deposit in the Non-Instructional Facilities (Development) Reserve Account are not pledged as security for the payment of the Bonds.

*Equipment Reserve Account.* Prior to the close of each Fiscal Year, the Comptroller will transfer from the funds remaining in the Revenue Fund and deposit to the Equipment Reserve Account such funds as have been approved by the Board for expenditure in connection with the acquisition of movable equipment to be installed in the facilities constituting the System. The maximum amount which may be accumulated in such Account will not exceed 20% of the book value of the movable equipment of the System. Moneys on deposit in the Equipment Reserve Account are not pledged as security for the payment of the Bonds.

*Surplus Revenues.* At the close of each Fiscal Year and after all transfers and maximum deposits have been made, and after any deficiencies in any such transfers and deposits which may exist from any previous Fiscal Year have been remedied, the balance of any excess funds in the Revenue Fund then remaining may be used by the Board: (i) to redeem, on the next interest payment date, the Bonds of any series then outstanding which are subject to redemption prior to maturity; (ii) to purchase Bonds of any series then outstanding for cancellation by the Bond Registrar; (iii) to advance refund any series of Bonds then outstanding or (iv) for any other System purpose permitted by law and applicable regulations.

*Investment of Revenue Fund Accounts.* Any moneys in the Debt Service Reserve Account may be invested or reinvested in Government Obligations having a maturity not exceeding ten years from the date of each such investment. Moneys held in the Bond and Interest Sinking Fund Account may be invested in Government Obligations. All such securities so purchased will mature or be redeemable on a date or dates prior to the time when such moneys so invested will be required for expenditure.

All other moneys held in the other accounts in the Revenue Fund may be invested or reinvested in any investments permitted by the Bond Resolution and the laws of the State of Illinois for the investment of public funds. All such securities so purchased will mature or be redeemable on a date or dates prior to the time when such moneys so invested will be required for expenditure.

Interest on each subaccount of the Debt Service Reserve Account will be deposited in the Bond and Interest Sinking Fund Account and used to pay the principal of and interest on the Bonds secured by the respective subaccount.

#### GENERAL COVENANTS

Under the provisions of the Bond Resolution, the Board covenants and agrees with the holders of the Bonds, as long as any of said Bonds remain outstanding, as follows:

*Student Tuition and Fees.* The Board will deposit annually to the Revenue Fund an amount of Student Tuition and Fees sufficient, together with Operating Revenues, to meet (i) operating and maintenance expenses of the System and (ii) together with transfers, if any, of investment income from the Debt Service Reserve Account to the Bond and Interest Sinking

Fund Account (which investment income will be applied to debt service only on those Bonds secured by the Debt Service Reserve Account), annual debt service and required deposits to the Debt Service Reserve Account and Repair and Replacement Reserve Account, as provided in the Bond Resolution.

*Insurance.* The Board will keep the System continuously insured against loss or damage by fire and lightning, the perils covered by fire and extended coverage insurance, vandalism or malicious mischief, and boiler explosion on boilers in a facility within the System in an amount not less than \$100,000, but with a deductible amount per occurrence not exceeding \$25,000, by a responsible insurance company or companies authorized and qualified under the laws of the State to assume such risks. Coverage by such insurance, other than the boiler insurance hereinabove referred to, will be in amounts sufficient to provide for, at a minimum, the lesser of (i) full recovery whenever the loss from causes covered by such insurance does not exceed 80% of the full insurable value of the part of the System so damaged or (ii) the redemption price, plus accrued interest to the next available call date, of all outstanding Bonds after deducting therefrom any cash or investments held in the Debt Service Reserve Account (if the Debt Service Reserve Account secures such Bonds) but any such policy may have a deductible amount per occurrence not exceeding one-tenth of one percent of the full insurable value of the System. The Board may, upon (i) resolution adopted in good faith, (ii) the recommendation of an independent insurance consultant and (iii) the approval of an appropriate agency, if any, of the State, adopt reasonable equivalent alternative risk management programs. The Board will (i) use the proceeds from any insurance to reconstruct, repair or rehabilitate the part of the System damaged or destroyed or (ii) pay such proceeds into the Bond and Interest Sinking Fund Account, which funds may be used to redeem outstanding Bonds but will not offset or be counted as funds which are otherwise required to be deposited in such account.

*Business Interruption Insurance.* The Board will maintain in effect business interruption insurance on the System in an amount sufficient for the Board to deposit in the Bond and Interest Sinking Fund Account, out of the proceeds of such insurance, an amount equal to the sum that would normally be available for deposit in such account from the revenues of the damaged part of the System during the time the damaged part of the System is non-revenue producing as a result of loss of use caused by fire and lightning, the perils covered by fire and extended coverage insurance, vandalism or malicious mischief, and boiler explosion on boilers in a facility within the System.

*Title-Disposition-Encumbrance.* The Board has indefeasible title in fee simple to the sites of the System, except for certain leased parking spaces, subject to Permitted Encumbrances (as defined below), and the Board will not sell, mortgage, pledge or otherwise dispose of or encumber the System, or its sites, or any part of the System, except for equipment, including any facility necessary to the operation and use of the System (unless the service provided by such facility will be provided by the same or an alternative source at reasonably equivalent costs), *provided* that any property, when determined by the Board not to be income producing because of being destroyed, worn out, obsolete, or otherwise physically or structurally unfit for the use and occupancy of such property for which the same was initially acquired, may be abandoned for economic nonfeasibility; or, when otherwise determined by the Board not to be suitable for the

use and occupancy for which the same was initially acquired, may be converted for academic or administrative purposes.

“Permitted Encumbrances” means with respect to the sites of the System (i) liens for taxes and special assessments which are not then delinquent, or if then delinquent, are being contested in good faith; (ii) utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere in any substantial way with or impair the operation of the System; (iii) any mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s lien or right in respect thereof if payment is not due under the contract in question or if such lien or payment is being contested in good faith; (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the property included in the System and do not materially impair the property affected thereby for the purpose for which it was acquired or is held; (v) zoning laws and similar restrictions and liens arising in connection with workmen’s compensation, unemployment insurance, taxes, assessments, statutory obligations or liens, social security legislation, undetermined liens and charges incidental to construction, or other similar charges arising in the ordinary course of operations and not overdue, or if overdue, being contested in good faith; (vi) such other liens and charges at the time required by law as a condition precedent to the transaction of the activities of the Board or the exercise of any privileges or licenses necessary to the Board or the University; and (vii) existing leasehold and similar interests in connection with athletic and recreation facilities constituting a part of the System.

*Operation of Facilities.* The Board will at all times continuously operate and manage the System in an efficient and economical manner and on a revenue-producing basis; and it will at all times, from income made available for such purpose, maintain, preserve and keep the System in good repair, working order and condition so that it will at all times be available for reasonable use and occupancy.

*Records and Audit.* The Board will keep proper books of records and accounts (separate from all other records and accounts of the Board) in which complete and correct entries will be made of all transactions relating to all income and revenues from and all expenditures for maintaining, operating and repairing the System. There will be furnished to any owner of the Bonds, upon written request to the Board not more than 120 days after the close of each Fiscal Year, copies of the audit reports prepared by an independent public accountant or by the Auditor General of the State of Illinois, reflecting in reasonable detail the financial condition of the Board with the operation of the System in accordance with the covenants of the Bond Resolution. Such audit reports will particularly include a schedule of all insurance then in force, the enrollment at the University, the occupancy of and the rates charged for the use of the System and the status of each account described in the Bond Resolution.

*Pledge of Performance.* The Board pledges punctually to perform all its duties and obligations with reference to the System as required by the Bond Resolution and the statutes under which the Bonds are issued; including the operation and maintenance of the System, the making and collecting of sufficient rates, fees, rentals and charges for the use and occupancy of the System and the making and collecting of reasonable and sufficient Student Tuition and Fees, the maintenance of the accounts as provided in the Bond Resolution, the segregation of all

revenues and income and transfer to said accounts and the proper application of all moneys in said accounts and investments of such revenues and income.

*Defeasance.* The Bond Resolution provides that the Board may pay or provide for the payment of the entire indebtedness of all outstanding Bonds, or Bonds of a particular series or of any portion of a series of outstanding Bonds, by depositing with the Bond Registrar, in trust, moneys and/or Government Obligations in an amount as the Bond Registrar will determine will, together with the income or increment to accrue on such Government Obligations, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds. In such case, if the Board will also pay or cause to be paid all other sums payable by the Board under the Bond Resolution with respect to such Bonds and, if such Bonds are to be redeemed prior to the maturity thereof or if provision for the payment of only a portion of the Bonds of a particular series is being made, notice of such redemption or of such provision, as the case may be, has been given or provided for, the liability of the Board in respect of such Bonds will continue, but the owners of such Bonds will thereafter be entitled to payment only out of the moneys or Government Obligations so deposited with the Bond Registrar.

*Modification of the Bond Resolution.* The Board may, from time to time and at any time, without the consent of or notice to the owners of the Bonds, amend the Bond Resolution as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in the Bond Resolution;
- (b) to add to the covenants and agreements of, and limitations and restrictions upon, the Board under the Bond Resolution other covenants, agreements, limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the Bond Resolution as previously in effect;
- (c) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Bond Resolution, of any moneys, securities or funds held under the Bond Resolution; or
- (d) to provide for the issuance of any Parity Bonds.

The owners of a majority in aggregate original principal amount of the Bonds at any time outstanding (not including any Bonds which may then be held or owned by or for the account of the Board or the University), will have the right from time to time to consent to and approve the adoption by the Board of a resolution or resolutions modifying or amending any of the terms or provisions contained in the Bond Resolution, *provided however*, that the Bond Resolution may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity of any of the Bonds.
- (b) Make any change in the rate of interest borne by any of the Bonds.

(c) Reduce the amount of the principal of, or redemption premium payable on, any of the Bonds.

(d) Modify the terms of payment of the principal of, or the interest or redemption premiums on, the Bonds or any of them, or impose any conditions with respect to such payment.

(e) Create any lien on or pledge of the income and revenues securing the Bonds ranking prior to the lien thereon and pledge thereof created by the Bond Resolution.

(f) Create any preference or priority of any Bond or Bonds of the same or different series, over any other Bond or Bonds of the same or different series, authorized under the Bond Resolution.

(g) Reduce the percentage of Bonds, the owners of which are required by the terms of the Bond Resolution for the approval of any amendatory resolution.

(h) Affect the rights of the owners of less than all of the Bonds then outstanding.

Any provision of the Bond Resolution expressly recognizing or granting rights in or to any bond insurer may not be amended in any manner that affects the rights of such bond insurer without its prior written consent.

The consent of each bond insurer is generally required, in addition to the consent of the Bondholders, when required, for the following purposes: (i) execution and delivery of the amendment, supplement or change to or modification of the Bond Resolution, (ii) removal of the Bond Registrar or selection and appointment of any successor bond registrar, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

*Remedies.* Any Owner of any Bond may by civil action compel the Board to perform all duties imposed upon it under the provisions of the Bond Resolution and under the provisions of the Act, including the making and collecting of sufficient rates, fees, rentals and charges for the use and occupancy of the System and Student Tuition and Fees and the performance of any and all covenants made by the Board in the Bond Resolution.

Upon the occurrence and continuance of an event of default under the Bond Resolution, the bond insurer is entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds insured by such bond insurer under the Bond Resolution.

APPENDIX E

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

Upon the issuance of the Series 2014A Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

[To be dated the Closing Date]

The Board of Trustees of  
the University of Illinois  
Urbana, Illinois

We hereby certify that we have examined a certified copy of the record of proceedings of The Board of Trustees of the University of Illinois (the “*Board*”) passed preliminary to the issue by the Board of its \$\_\_\_\_\_ aggregate principal amount University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A (the “*Series 2014A Bonds*”). The Series 2014A Bonds are authorized and issued pursuant to the provisions of (i) the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended and (ii) an authorizing resolution of the Board adopted September 20, 1984 (the “*Original Resolution*”), as supplemented on June 20, 1985, May 8, 1986, May 9, 1991, June 11, 1993, January 18, 1996, October 15, 1999, June 1, 2000, March 8, 2001, May 23, 2001, May 15, 2003, March 10, 2005, July 14, 2005, September 7, 2006, May 22, 2008, January 15, 2009, May 20, 2010, June 9, 2011, December 2, 2011 and March 7, 2013 and as further supplemented by a Twentieth Supplemental System Revenue Bond Resolution adopted by the Board on January 23, 2014 (the “*Twentieth Supplemental Resolution*”; the Original Resolution, as heretofore supplemented and amended, including by the Twentieth Supplemental Resolution, being referred to herein collectively as the “*Bond Resolution*”). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Bond Resolution.

The Series 2014A Bonds are subject to optional and mandatory redemption by the Board prior to maturity as provided in the Twentieth Supplemental Resolution, are dated the date hereof, mature on April 1 of the years and in the amounts and bear interest payable on April 1 and October 1 of each year, commencing [April 1, 2014], at the rates per annum as follows:

YEAR

PRINCIPAL AMOUNT

INTEREST RATE

The Series 2014A Bonds are being issued to provide funds to (i) improve or add to certain facilities which are or will become part of the University of Illinois Auxiliary Facilities System (the “*System*”) and (ii) pay costs of issuance thereof.

Concurrently with the issuance of the Series 2014A Bonds, the Board is issuing its University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the “*Taxable Series 2014B Bonds*”) and its University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2014C (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the “*Taxable Series 2014C Bonds*”), on a parity basis with the Series 2014A Bonds.

We are of the opinion that such proceedings show lawful authority for the issuance of the Series 2014A Bonds under the laws of the State of Illinois now in force. We further certify that we have examined the form of Series 2014A Bond prescribed for said issue and find the same in due form of law, and in our opinion the Series 2014A Bonds, to the amount named, are valid and legally binding limited obligations of the Board, payable from and, together with the Series 1991 Bonds, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003A Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2011C Bonds, the Series 2013A Bonds, the Taxable Series 2014B Bonds and the Taxable Series 2014C Bonds and such bonds as may be issued on a parity therewith in the future pursuant to the Bond Resolution, secured by a pledge of and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary) and (iii) the Bond and Interest Sinking Fund Account established pursuant to the Bond Resolution. The rights of the registered owners of the Series 2014A Bonds and the enforceability of provisions of the Bond Resolution and the Series 2014A Bonds may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally and by the availability of equitable remedies, including the exercise of judicial discretion whether to grant any particular form of relief.



It is our opinion that, subject to the Board's compliance with certain covenants, under present law, interest on the Series 2014A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board covenants could cause interest on the Series 2014A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014A Bonds. Ownership of the Series 2014A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2014A Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2014A Bonds.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Upon the issuance of the Taxable Series 2014B Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

[To be dated the Closing Date]

The Board of Trustees of  
the University of Illinois  
Urbana, Illinois

We hereby certify that we have examined a certified copy of the record of proceedings of The Board of Trustees of the University of Illinois (the “*Board*”) passed preliminary to the issue by the Board of its \$\_\_\_\_\_ aggregate principal amount University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable) (the “*Taxable Series 2014B Bonds*”). The Taxable Series 2014B Bonds are authorized and issued pursuant to the provisions of (i) the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended and (ii) an authorizing resolution of the Board adopted September 20, 1984 (the “*Original Resolution*”), as supplemented on June 20, 1985, May 8, 1986, May 9, 1991, June 11, 1993, January 18, 1996, October 15, 1999, June 1, 2000, March 8, 2001, May 23, 2001, May 15, 2003, March 10, 2005, July 14, 2005, September 7, 2006, May 22, 2008, January 15, 2009, May 20, 2010, June 9, 2011, December 2, 2011 and March 7, 2013 and as further supplemented by a Twentieth Supplemental System Revenue Bond Resolution adopted by the Board on January 23, 2014 (the “*Twentieth Supplemental Resolution*”; the Original Resolution, as heretofore supplemented and amended, including by the Twentieth Supplemental Resolution, being referred to herein collectively as the “*Bond Resolution*”). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Bond Resolution.

The Taxable Series 2014B Bonds [are subject to optional and mandatory redemption by the Board prior to maturity as provided in the Twentieth Supplemental Resolution,] are dated the date hereof, mature on April 1 of the years and in the amounts and bear interest payable on April 1 and October 1 of each year, commencing [April 1, 2014], at the rates per annum as follows:

YEAR

PRINCIPAL AMOUNT

INTEREST RATE

The Taxable Series 2014B Bonds are being issued to provide funds to (i) improve or add to certain facilities which are or will become part of the University of Illinois Auxiliary Facilities System (the “*System*”) and (ii) pay costs of issuance of the Taxable Series 2014B Bonds.

Concurrently with the issuance of the Taxable Series 2014B Bonds, the Board is issuing its University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A, in the aggregate principal amount of \$\_\_\_\_\_ (the “*Series 2014A Bonds*”) and its University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2014C (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the “*Taxable Series 2014C Bonds*”), on a parity basis with the Taxable Series 2014B Bonds.

We are of the opinion that such proceedings show lawful authority for the issuance of the Taxable Series 2014B Bonds under the laws of the State of Illinois now in force. We further certify that we have examined the form of Taxable Series 2014B Bond prescribed for said issue and find the same in due form of law, and in our opinion the Taxable Series 2014B Bonds, to the amount named, are valid and legally binding limited obligations of the Board, payable from and, together with the Series 1991 Bonds, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003A Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2011C Bonds, the Series 2013A Bonds, the Series 2014A Bonds and the Taxable Series 2014C Bonds and such bonds as may be issued on a parity therewith in the future pursuant to the Bond Resolution, secured by a pledge of and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary) and (iii) the Bond and Interest Sinking Fund Account established pursuant to the Bond Resolution. The rights of the registered owners of the Taxable Series 2014B Bonds and the enforceability of provisions of the Bond Resolution and the Taxable Series 2014B Bonds may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally and by the availability of equitable remedies, including the exercise of judicial discretion whether to grant any particular form of relief.

It is our opinion that under present law, interest on the Taxable Series 2014B Bonds is not excludable from gross income of the owners thereof for federal income tax purposes. Ownership of the Taxable Series 2014B Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Taxable Series 2014B Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Taxable Series 2014B Bonds.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is executed and delivered by The Board of Trustees of the University of Illinois (the “Board”) in connection with the issuance by the Board of its \$ \_\_\_\_\_ University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014A (the “Series 2014A Bonds”) and \$ \_\_\_\_\_ University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2014B (Taxable) (the “Series 2014B Bonds” and, together with the Series 2014A Bonds, the “Series 2014AB Bonds”). The Series 2014AB Bonds are being issued pursuant to a Resolution of the Board approved September 20, 1984, as supplemented and amended (the “Bond Resolution”). The Board covenants, undertakes and agrees as follows:

#### 1 Purpose of the Agreement

- . This Agreement is being executed and delivered by the Board for the benefit of registered and beneficial owners of the Series 2014AB Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below). The Board represents that it will be the only “obligated person” with respect to the Series 2014AB Bonds within the meaning of the Rule. As required by the Rule, this Agreement is enforceable by registered and beneficial owners of the Series 2014AB Bonds, as further provided in Section 10 of this Agreement.

#### 2 Definitions

- . Initially capitalized terms used but not otherwise defined in this Agreement have the same meanings given them in the Bond Resolution. In addition, the following terms have the following meanings:

“Board Annual Report” means the annual report of the Board described in Section 3 below.

“EMMA” means the Electronic Municipal Market Access system established by the MSRB.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriters” means any of the original purchasers of the Series 2014AB Bonds required to comply with the Rule in connection with the offering of the Series 2014AB Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time (“1934 Act”).

“Significant Event(s)” means anyone or more of the events described in Section 5 hereof.

“State” means the State of Illinois.

#### 3 Board Annual Report

. Within 180 days after each fiscal year of the Board, commencing with the fiscal year ended June 30, 2014, the Board shall provide to the MSRB through EMMA certain financial information and operating data (the “Board Annual Report”), which shall contain:

3.1 Financial information and operating data relating to the Board updating the financial information and operating data presented in the Official Statement under the following captions (provided, however, that the updating information may be provided in such format as the Board deems appropriate):

“AUXILIARY FACILITIES SYSTEM

- Housing Occupancy Rates,” and

- Statement of Revenues, Expenses and Changes in Net Position of the Auxiliary Facilities System,” and

“THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

- Financial Aid to Students,”

- Financial Condition of the University,”

- Physical Plant,”

- Student Admissions,”

- Student Enrollment,”

- Tuition and Fees,”

- University and Foundation Investments,”

- Voluntary Support,” and

- 2014 Budget and State Appropriations.”

3.2 Audited financial statements of the Board and the System for the most recently ended fiscal year, prepared in conformity with U.S. generally accepted accounting principles and audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in “Government Auditing Standards” issued by the Comptroller General of the United States. The Board may from time to time, in order to comply with Federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB through EMMA and shall include a reference to the specific Federal or State law or regulation describing such accounting basis.

If audited financial statements are not available by the 180th day after the end of the applicable fiscal year, then they shall be provided when available, and unaudited financial statements shall be filed in place of audited financial statements by such date. If the Board changes its fiscal year, the Board shall send, or cause to be sent, notice of such change to the MSRB through EMMA.

If the Board does not provide the Board Annual Report by the date required in Section 3 to the parties described therein, the Board shall send a notice to such effect, in a timely manner, to the MSRB through EMMA.

If a change is made to the basis on which financial statements are prepared, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

The Board will also provide, in a timely manner, to the MSRB through EMMA, if any, notice of a failure to satisfy the requirements of this Section.

The Board Annual Report shall be submitted in such manner and format and accompanied by identifying information as is prescribed by the MSRB at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format.

If any part of the Board Annual Report can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Board will disseminate a statement to such effect as part of the Board Annual Report for the year in which such event first occurs.

If any amendment is made to this Agreement, the Board Annual Report for the year in which such amendment or waiver is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

#### **4 Incorporation by Reference**

- . Any or all of the items listed in Section 3 above may be incorporated by reference from other documents, including other official statements of the Board or related public entities, which have been submitted to EMMA or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available via EMMA. The Board shall clearly identify each such other document so incorporated by reference in the Board Annual Report.

#### **5 Reporting of Significant Events**

- . The Board will also provide, in a timely manner (not in excess of ten business days after the occurrence thereof) to the MSRB through EMMA, in such manner and format and accompanied by such identifying information as is prescribed by the MSRB at the time of delivery of such information, notice of the occurrence of any of the following events (a “Significant Event”) with respect to the Series 2014AB Bonds:

- 5.1 principal and interest payment delinquencies;
- 5.2 non-payment related defaults, if material;
- 5.3 unscheduled draws on debt service reserves reflecting financial difficulties;

- 5.4 unscheduled draws on credit enhancements reflecting financial difficulties;
- 5.5 substitution of credit or liquidity providers, or their failure to perform;
- 5.6 adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- 5.7 modifications to rights of holders of the Series 2014AB Bonds, if material;
- 5.8 bond calls, if material, and tender offers (other than scheduled mandatory redemptions);
- 5.9 defeasances;
- 5.10 release, substitution or sale of property securing repayment of the Series 2014AB Bonds, if material;
- 5.11 rating changes;
- 5.12 bankruptcy, insolvency, receivership or similar event of the Board<sup>1</sup>;
- 5.13 the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- 5.14 appointment of a successor or additional trustee or the change of name of a trustee, if material.

For purposes of this section, materiality is interpreted in accordance with the 1934 Act.

Notwithstanding the foregoing, a notice of optional or unscheduled redemption of any Series 2014AB Bonds or defeasance of any Series 2014AB Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the holders of the Series 2014AB Bonds pursuant to the Bond Resolution.

## **6 Management Discussion of Items Disclosed in Board Annual Reports or as Significant Events**

- . If any item required to be disclosed in the Board Annual Report under Section 3, or as a Significant Event under Section 5, would be misleading without further discussion, the Board shall

---

<sup>1</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or Federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.



additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

## **7 Termination of Reporting Obligation**

- . The Board's obligations under this Agreement will terminate if the Board no longer has any legal liability for any obligation on or relating to repayment of the Series 2014AB Bonds under the Bond Resolution. The Board shall give notice to EMMA in a timely manner if this Section is applicable.

## **8 Amendment; Waiver**

- . Notwithstanding any other provision of this Agreement, the Board may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver (i) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Board; (ii) is supported by an opinion of counsel expert in federal securities laws acceptable to the Board, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule or adjudication of the Rule by a final decision of a court of competent jurisdiction; and (iii) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the issuer or obligated person (such as external counsel), or by approving vote of Bondholders pursuant to the terms of the Bond Resolution.

## **9 Centralized Post Office**

- . Any filing required to be made with the MSRB through EMMA under this Agreement may be made solely through a central post office, government agency or similar entity other than EMMA or in lieu of EMMA (a "CPO") by transmitting such filing to the CPO, provided that (i) such CPO has received interpretive advice or some other approval from the SEC with respect to its status as a CPO satisfying the requirement of the Rule or (ii) an opinion from counsel has been issued stating that such filing meets the requirements of the Rule.

## **10 Additional Information**

- . Nothing in this Agreement shall be deemed to prevent the Board from disseminating any information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Board Annual Report or notice of occurrence of a Significant Event in addition to that which is required by this Agreement. If the Board chooses to include any information from any document or notice of occurrence of a Significant Event in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Significant Event.

## **11 Default**

- . The intent of the Board's undertaking is to provide on a continuing basis the information described and required in the Rule. In the event of a failure of the Board to comply with any provision of this Agreement, any registered or beneficial owner of Series 2014AB Bonds may take action to compel performance by the Board under this Agreement. A default under this Agreement shall

not be deemed a default or event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**12 Beneficiaries**

. This Agreement shall inure solely to the benefit of the Board, the Participating Underwriters and registered and beneficial owners from time to time of the Series 2014AB Bonds, and shall create no rights in any other person or entity.

**13 Governing Law**

. This Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the Board has executed and delivered this Agreement as of the date first above written.

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

By: \_\_\_\_\_

Vice President,  
Chief Financial Officer and Comptroller

The University of Illinois  
414 Administrative Office Building MC-761  
1737 West Polk Street  
Chicago, Illinois 60612-7224

Dated: \_\_\_\_\_, 2014

**EXHIBIT I  
CUSIP NUMBERS**

Maturity

CUSIP Number