
THE BOARD OF TRUSTEES

OF

THE UNIVERSITY OF ILLINOIS

FIRST AMENDMENT TO THE ARBITRAGE AGREEMENT AND CERTIFICATE AND THE PROJECT
AGREEMENT AND CERTIFICATE

Approved July 23, 2015

Amending the Arbitrage Agreement and Certificate and the Project
Agreement and Certificate June 9, 2011

Re: \$81,970,000 University of Illinois Auxiliary Facilities
System Revenue Bonds, Series 2011A.

ADDITIONAL PROJECT REPRESENTATIONS AND COVENANTS

The undersigned is a duly qualified officer of the Board of Trustees of the University of Illinois (the “*Issuer*”). These Representations and Covenants are being delivered in connection with the First Amendment to the Seventeenth Supplemental System Revenue Bond Resolution, approved July 23, 2015, which permits the expenditure of proceeds of the Bonds on the Additional Project. The certifications, covenants and representations contained herein are made on behalf of the Issuer for the benefit of the owners from time to time of the Bonds, and may be relied on by Chapman and Cutler LLP for purposes of certain legal opinions it is delivering. These Representations and Covenants supplement, but do not replace, the requirements of the Arbitrage Agreement and Certificate and the Project Agreement and Certificate executed in connection with the issuance of the Bonds, and those documents remain in effect.

DEFINITIONS

“*Bonds*” means the \$81,970,000 University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2011A issued by the Issuer on July 9, 2011.

“*Issuer*” means the Board of Trustees of the University of Illinois.

“*Additional Project*” means the construction of the Stanley C. Ikenberry Commons Residence Hall Number 3.

“*Capital Expenditures*” means costs of a type that would be properly chargeable to a capital account under the Internal Revenue Code of 1986 (or would be so chargeable with a proper election) under federal income tax principles if the Issuer were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

“*Control*” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“*Controlled Entity*” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities. A Controlled Group includes the entity that has Control of the other entities.

“*Person*” means and includes any individual, body politic, governmental unit, agency or authority, trust, estate, partnership, association, company, corporation, joint-stock company, syndicate, group, pool, joint venture, other unincorporated organization or group, or group of any of the above.

“*Private Business Use*” means any use of the Project by any Person (including the federal government) other than a state or local governmental unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any Person other than a state or local governmental unit (i) that conveys special legal entitlements to any portion of the Project, or (ii) under which any Person other than a state or local governmental unit has any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

“*Project*” means all property financed, refinanced or reimbursed with proceeds (including investment earnings) of the Bonds, including the Additional Project.

“*Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriter’s discount or compensation, (b) accrued interest, other than accrued interest for a period not greater than one year before the issuance of the Bonds but only if it is to be paid within one year after the issuance of the Bonds and (c) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.*, a redemption right).

REPRESENTATIONS AND COVENANTS CONCERNING THE ADDITIONAL PROJECT

1. *Capital Expenditures.* All costs of the Additional Project paid with the Sale Proceeds of the Bonds or investment earnings will be Capital Expenditures.

2. *Third Party Payments.* No Sale Proceeds or investment earnings thereon have been or will be transferred to or paid to the Issuer or any member of the same Controlled Group as the Issuer.

3. *Payment and Use Tests.* (a) Except for Permitted Uses as described in (f) below, no more than five percent of the Sale Proceeds plus investment earnings thereon (not including amounts used to pay costs of issuance and other common costs (such as capitalized interest)), will be used, directly or indirectly, in whole or in part, in any Private Business Use.

(b) The payment of more than five percent of the principal of or the interest on the Bonds will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the Issuer or a member of the same Controlled Group as the Issuer) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of five percent of the sum of Sale Proceeds and investment earnings thereon ((not including amounts used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) and amounts invested in a reserve or replacement fund) or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons.

(d) Except for Permitted Uses as described in (e) below, no user of the Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, on any basis other than the same basis as the general public.

(e) The following arrangements or agreements with non-governmental entities or persons that meet all of the requirements set forth in each subsection below are Permitted Uses:

(i) Short term arrangements of less than 200 days: (a) The term of the use under the agreement or arrangement, including all renewal options, is not longer than 200 days; and (b) the property is intended to be available and in fact is reasonably available for use on the same basis by natural persons not engaged in a trade or business (in general, use under an arrangement that conveys priority rights or other preferential benefits is not use on the same basis as the general public; arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits). For purposes of this 200 day rule and the 100 and 50 day rules discussed below, the number of days under the arrangement is equal to the total number of days on which the property may be used and use for any part of a day counts as a full day of use. For purposes of this 200 day rule only (and not the 100 and 50 day rules discussed below), a right of first refusal to renew use under the arrangement is not treated as a renewal option if (I) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and (II) the use of the property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

(ii) Short term arrangements of less than 100 days: (a) The term of the use under the agreement or arrangement, including all renewal options, is not longer than 100 days; (b) compensation under the agreement or arrangement is charged at a uniformly applied rate; (c) the arrangement would be treated as general public use as described above for the 200 day rule under (e)(i)(b) above, except that it is not available for use on the same basis by natural persons not engaged in a trade or a business because generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business; (d) the property subject to the agreement or arrangement

was not financed for a principal purpose of providing that property for use by that nongovernmental person; and (e) the agreement or arrangement does not result in the nongovernmental person owning the Bond-financed property.

(iii) Short term arrangements of less than 50 days: (a) The term of the use under the agreement or arrangement, including all renewal options, is not longer than 50 days; (b) the agreement or arrangement is a negotiated arm's-length agreement or arrangement; (c) compensation under the agreement or arrangement is equal to fair market value; (d) the property subject to the agreement or arrangement was not financed for a principal purpose of providing that property for use by that nongovernmental person; and (e) the agreement or arrangement does not result in the nongovernmental person owning the Bond-financed property.

(iv) Incidental Use (a) All incidental uses do not exceed 2.5 percent of the proceeds of the Bonds used to finance the facility in which such use is taking place; (b) except for vending machines, pay phones, kiosks and similar uses, the use does not involve the transfer to a person (other than a state or local governmental entity) of possession and control of space that is separated from other areas of the facility by walls, partitions, or other physical barriers; (c) the nonpossessory use is not functionally related to any other use of the facility by the same person (other than a different nonpossessory use); and (d) all nonpossessory uses of the facility do not, in the aggregate, involve the use of more than 2.5 percent of the facility.

(v) Management Contracts meeting the requirements of Rev. Proc. 97-13: Uses under arrangements meeting the requirements of Internal Revenue Procedure 97-13, as supplemented and amended, are Permitted Uses.

DATED: July 23, 2015

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF
ILLINOIS

By _____
Vice President, CFO & Comptroller