

Board Meeting
June 9, 2011

ROLL CALL

APPROVE ISSUANCE OF AUXILIARY FACILITIES SYSTEM REVENUE BONDS,
SERIES 2011A AND 2011B

Action: Approve Issuance of Auxiliary Facilities System Revenue Bonds, Series 2011A and 2011B

Funding: Proceeds of the Revenue Bonds

The Board, at its meeting on March 23, 2011, authorized a number of actions leading toward the issuance of multiple series of Auxiliary Facilities System Revenue Bonds, Series 2011 (the “Bonds”). The Bonds will finance construction of the Stanley O. Ikenberry Commons—Residence Hall No. 2 and Forbes Hall Demolition on the Urbana-Champaign campus (collectively, the “Project”) and the refunding of all or portions of the Auxiliary Facilities System Revenue Bonds, Series 2001B (Tax-Exempt) (the “Series 2001B”) and the Auxiliary Facilities System Revenue Bonds, Series 2001C (Taxable) (the “Series 2001C”). Interest paid on the Auxiliary Facilities System Revenue Bonds, Series 2011A (the “Series 2011A”) will be exempt from Federal income tax. Interest paid on the Auxiliary Facilities System Revenue Bonds, Series 2011B (the “Series 2011B”) will not be exempt from Federal income tax.

Actions leading toward the issuance of the Bonds have been completed including: retention of Pugh, Jones, Johnson & Quandt, P.C. as bond counsel; retention

of Perkins Coie LLP as special issuer's counsel; retention of Scott Balice Strategies LLC as financial advisor; retention of Barclays Capital, Inc., as managing underwriter; retention of The Bank of New York Mellon Trust Company, N.A. as bond registrar and trustee; the preparation of the Preliminary Official Statement; actions to pursue and obtain ratings on the revenue bonds; preparation of additional documents including a Supplemental Bond Resolution, Bond Purchase Agreement, and Continuing Disclosure Agreement. Subsequent to its retention, Scott Balice Strategies LLC was acquired by PFM Group, which will act through Public Financial Management, Inc.

Now it is requested that the Board authorize the issuance of the Bonds in an original principal amount not to exceed \$110.0 million to fund the Project, refund the Series 2001B and the Series 2001C bonds and pay capitalized interest and issuance costs (see Attachment). The final maturity of the Bonds shall be no later than April 1, 2041. The Bonds will be issued as fixed-rate bonds.

The Bonds will be fully registered and will be special, limited obligations of the Board and will be payable only from and secured by the net revenues of the Auxiliary Facilities System (the "System"), student tuition and fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), and the Bond and Interest Sinking Fund Account.

All legal matters incidental to the authorization and issuance of the Bonds, the forms of the Preliminary and final Official Statements, the Seventeenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, and the Continuing Disclosure Agreement will be approved by Pugh, Jones, Johnson & Quandt, P.C.,

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

The Vice President/Chief Financial Officer and Comptroller recommends:

1. Authorization of the issuance and sale of the Bonds. Approval of the Preliminary Official Statement and approval of the final Official Statement with the addition of the final terms of the Bonds.¹
2. Approval of the form of the Bond Purchase Agreement¹ with Barclays Capital, Inc., as managing underwriter wherein the underwriter agrees to purchase from the Board all of the Series 2011A bonds at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof and the true interest cost of the Series 2011A bonds will not exceed 6.75 percent; and, to purchase from the Board all of the Series 2011B bonds at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof and the true interest cost of the Series 2011B bonds will not exceed 7.50 percent.
3. Delegate to the Comptroller the authority to determine the principal amount, final terms, and terms of the sale of the Bonds within the limits expressed in this Board action.
4. Approval of the Seventeenth Supplemental System Revenue Bond Resolution.¹
5. Approval of the form of the Continuing Disclosure Agreement by the Board with respect to the Bonds.¹
6. Ratification and confirmation of all actions taken or to be taken by the officers and members of the Board in connection with the sale and delivery of the Bonds to the managing underwriter.

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

7. That the Comptroller and other authorized officers of the Board be and they are hereby authorized and empowered to do and perform such other acts and things; and to make, execute, and deliver all such other instruments and documents on behalf of the Board as may be by them deemed necessary or appropriate in connection with the provisions of the Official Statement, the Seventeenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement, and all acts and things whether heretofore or hereafter done or performed by any of the officers of the Board which are in conformity with the intents and purposes of these resolutions shall be and the same are hereby in all respects, ratified, confirmed and approved.

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

Funding will be available from the proceeds of the Bonds.

The President of the University concurs.