

Approved by the Board of Trustees,
March 10, 2005

Board Meeting
March 10, 2005

ROLL CALL

AUXILIARY FACILITIES SYSTEM REVENUE BONDS, SERIES 2005A

Action: Approve Issuance of Auxiliary Facilities System Revenue Bonds, Series 2005A

Funding: Proceeds of the Revenue Bonds

The board, at its meeting on January 20, 2005, authorized a number of actions leading toward the issuance of Auxiliary Facilities System Revenue Bonds, Series 2005A (AFS Series 2005A Bonds) and Auxiliary Facilities System Revenue Bonds, Series 2005B (AFS Series 2005B Bonds) to finance a portion of the following projects: UIC Campus Recreation Renovation and Expansion, UIC South Campus Mixed Use Development, UIUC Campus Recreation Renovation and Expansion, UIC Student Residence Hall Renovation, UIC Student Center East Illinois Room Renovation, UIC South Campus Retail Facilities, and UIC West Side HVAC Modifications. Additional approval was granted to potentially refund outstanding AFS Bonds if the refunding savings can reach at least three percent of the principal amount of the callable bonds refunded.

Such actions have been completed and now it is requested that the board authorize the issuance of the AFS Series 2005A Bonds in an original principal amount not to exceed \$105.0 million (up to \$285.0 million if the maximum amount of refunding

is included) with a final maturity no later than April 1, 2032, to fund the projects, potential refunding, capitalized interest, and the necessary issuance costs. The fixed-rate AFS Series 2005A Bonds will fund approximately \$94.0 million of the projects. The subsequent issue of the variable-rate AFS Series 2005B Bonds will fund approximately \$52.0 million of the projects.

The range of annual payments to the bondholders for new project funds is estimated to be approximately \$4.5 million to \$9.0 million over the life of the AFS Series 2005A Bonds.

The AFS Series 2005A Bonds will be fully registered and will be special, limited obligations of the board and will only be payable from and secured by the net revenues of the Auxiliary Facilities 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 AFS Series 2005A Bonds, the forms of the Preliminary and Final Official Statements, the Eleventh Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Escrow Agreement (if applicable), and the Continuing Disclosure Agreement have been approved by Chapman and Cutler, Bond Counsel, Chicago, Illinois, and Mayer Brown Rowe & Maw, Issuer's Counsel, Chicago, Illinois.

The Vice President for Administration recommends:

1. Approval of the Preliminary Official Statement and approval of the Final Official Statement with the addition of the final terms of the AFS Series 2005A Bonds.¹
2. Approval of the form of the Bond Purchase Agreement¹ with Lehman Brothers, as underwriter, and Morgan Stanley, Inc., RBC Dain Rauscher, LaSalle Capital Markets, William Blair and Co., Inc., Melvin Securities L.L.C., and Podesta & Co., co-managers, wherein the underwriter and co-managers agree to purchase from the board not less than all of the AFS Series 2005A Bonds in an aggregate original principal amount not exceeding \$105.0 million (or \$285.0 million if the maximum amount of refunding is included) and with a final maturity of no later than April 1, 2032. The price at which the AFS Series 2005A Bonds will be purchased from the board by the underwriter and co-managers, exclusive of net original issue discount or premium, will not be less than 98 percent of the par amount thereof and the true interest cost of borrowing for the AFS Series 2005A Bonds will not exceed 5.25 percent.
3. Approval of the form of the Eleventh Supplemental System Revenue Bond Resolution.¹
4. Approval of the form of the Escrow Agreement (if applicable) with respect to the AFS Series 2005A Bonds.¹
5. Approval of the form of the Continuing Disclosure Agreement by the board with respect to the AFS Series 2005A 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 AFS Series 2005A Bonds to the underwriter and co-managers.

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

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 Eleventh Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Escrow Agreement (if applicable), 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.

The President of the University concurs.