

Approved by the Board of Trustees
March 12, 2020

Board Meeting
March 12, 2020

ROLL CALL

AUTHORIZE APPLICATION OF EXCESS FUNDS IN HEALTH SERVICES FACILITIES SYSTEM REVENUE FUND

Action: Authorize Application of Excess Funds in Health Services Facilities System Revenue Fund

Funding: No New Funding Required

Under a resolution adopted by the Board on January 22, 1997, (as supplemented and amended from time to time, the “HSFS Bond Resolution”), the Board authorized the issuance of Health Services Facilities System Revenue Bonds. The HSFS Bond Resolution establishes a special fund designated as the Health Services Facilities System Revenue Fund (“HSFS Revenue Fund”) for the collection, deposit, and application of the Operating Revenues (as defined in the HSFS Bond Resolution) of the health services facilities and other revenue producing buildings and facilities of the Board described in Exhibits A-1 and A-2 attached hereto (collectively, “System”).

Section 7.01 of the HSFS Bond Resolution provides that at the end of each fiscal year, the Board may use any excess funds remaining in the HSFS Revenue Fund after all transfers and maximum deposits required by the HSFS Bond Resolution have been made (“Surplus Revenues”) for certain authorized purposes, including any lawful purpose as expressed in a resolution of the Board. Pursuant to Board Item 21, the Board

is considering the approval of the development and acquisition by lease of an Outpatient Surgery Center and Specialty Clinics Facility, which, upon such acquisition, will be added to the System Core Facilities. In connection therewith, the Comptroller recommends that the Board authorize the application of such of the Surplus Revenues as may be available from time to time to the payment of lease and other payments as may be due in connection with the development and acquisition of the Outpatient Surgery Center and Specialty Clinics Facility (“Acquisition Payments”) at such times and in such amounts as shall be approved by the Comptroller and set forth in the documents relating to the lease and acquisition of the Outpatient Surgery Center and Specialty Clinics Facility (“Acquisition Documentation”). The Comptroller further recommends that the Board authorize the execution and delivery of any documentation as shall be necessary to effectuate any pledge by the Board of any or all the Surplus Revenues to the Acquisition Payments to the extent provided in the Acquisition Documentation.

Accordingly, the Vice President/Chief Financial Officer and Comptroller recommends that the Board approve the following actions:

1. Authorize the use of Surplus Revenues for the payment of Acquisition Payments as described above.
2. Authorize the Comptroller to establish one or more separate funds or accounts to hold the Surplus Revenues for application to the Acquisition Payments.
3. Delegate to the Comptroller the authority to transfer Surplus Revenues to the funds or accounts described above in amounts available to make Acquisition Payments.
4. Authorize the Comptroller to effectuate any pledge of the Surplus Revenues to the Acquisition Payments.

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.