

Board Meeting
May 11, 2006

ROLL CALL

UNIVERSITY OF ILLINOIS CERTIFICATES OF PARTICIPATION
(ACADEMIC FACILITIES PROJECTS), SERIES 2006A

Action: Approve the Issuance of Certificates of Participation (Academic Facilities Projects), Series 2006A

Funding: Proceeds of the Certificates of Participation

The Board, at its meeting on January 19, 2006, authorized a number of actions leading toward the issuance of certificates of participation in the approximate amount of \$88.0 million to finance a portion of the University-Wide Facilities Renewal Program and a portion of the College of Business Instructional Facility Project at Urbana. The certificates have subsequently been renamed Certificates of Participation (Academic Facilities Projects), Series 2006A (the "Series 2006A Certificates"). The Series 2006A Certificates evidence proportionate interests in installment payments to be made by the Board under an installment purchase contract. Those actions approved by the Board at its meeting on January 19, 2006, have been completed and now it is requested that the Board authorize the issuance of the Series 2006A Certificates in an amount not to exceed \$88.0 million (not including original issue discount or premium) with a final maturity of not more than 20 years to fund the Academic Facilities Projects, including capitalized interest plus necessary issuance costs.

The average annual payments to the certificate holders are estimated to approximate \$6.5 million over the 20-year life of the Series 2006A Certificates. The Series 2006A Certificates are subject to redemption at such times and at such redemption prices as the Comptroller determines are necessary or helpful in marketing the Series 2006A Certificates, but such prices shall not exceed 115 percent of the par amount of the certificates.

The Series 2006A Certificates will be sold via a negotiated sale. They will be fully registered and the obligation to make the installment payments will constitute a current operating expense of the Board. Neither the Installment Purchase Contract nor the Series 2006A Certificates will constitute indebtedness for the Board or the State of Illinois. The Board will pledge to the payment of the installment payments such moneys as may be lawfully appropriated by the General Assembly for such purposes and legally available non-appropriated funds on an annual basis, e.g., tuition and indirect cost recoveries.

All legal matters incidental to the authorization and issuance of the Series 2006A Certificates, the form of the Preliminary Official Statement, the Indenture of Trust (the “ Indenture”), the Certificate Purchase Agreement, the Installment Purchase Contract, the Acquisition Agreement and the Continuing Disclosure Agreement will be approved by Schiff Hardin LLP, Bond Counsel, Chicago, Illinois; and Ungaretti & Harris LLP, Special Counsel to the University, Chicago, Illinois; and certain legal matters will be passed upon for the underwriters by Pugh, Jones, Johnson & Quandt, P.C., Underwriter’s Counsel.

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 Series 2006A Certificates.¹
2. Approval of the form of the Certificate Purchase Agreement¹ with Morgan Stanley & Co., Incorporated and other such underwriters as the Comptroller may select wherein the underwriter agrees to purchase from the Board not less than all of the Series 2006A Certificates in an aggregate original principal amount not exceeding \$88.0 million. The price at which the Series 2006A Certificates will be purchased from the Board by the underwriter, exclusive of original issue discount, will not be less than 98 percent of the par amount thereof and the true interest cost of borrowing for the Series 2006A Certificates will not exceed 5.5 percent.
3. Adoption of an authorizing resolution¹ which authorizes the Certificates, the Installment Purchase Contract, the Acquisition Agreement, the Indenture, the Certificate Purchase Agreement, and the Continuing Disclosure Agreement.
4. Delegation to the Comptroller of the authority to determine the aggregate principal amount, final terms and terms of the sale of the Certificates within the limits expressed in this Board action and authorizing resolution.
5. Approval of the forms of the Acquisition Agreement and the Installment Purchase Contract.¹
6. Approval of the form of the Indenture.¹
7. Approval of the form of the Continuing Disclosure Agreement by the Board with respect to the Series 2006A Certificates.¹

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.

8. 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 Series 2006A Certificates to the underwriter.
9. 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 authorizing resolution, the Official Statement, the Indenture, the Certificate Purchase Agreement, the Installment Purchase Contract, the Acquisition Agreement, the Continuing Disclosure Agreement, and all acts and things whether heretofore or hereafter done or performed by and of the officers of the Board which are in conformity with the intents and purposes of this Board action and the authorizing resolution 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.