

Approved by the Board of Trustees,
May 19, 2005

Board Meeting
May 19, 2005

Revised: 5-19-05

ROLL CALL

ISSUE VARIABLE RATE DEMAND AUXILIARY FACILITIES SYSTEM REVENUE BONDS, SERIES 2005B

Action: Approve Issuance of Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2005B

Funding: Proceeds of the Revenue Bonds

The Board of Trustees, at its meeting on January 20, 2005, authorized a number of actions leading toward the issuance of Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2005B (the 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. Additionally, the board approved the UIS Campus Recreation and Fitness Facility project in the amount of \$13.1 million at its meeting of June 17, 2004.

It is now requested that the board ~~authorize~~ delegate to the Executive Committee authority to approve the issuance of the Bonds in an original principal amount not to exceed \$72.0 million with a final maturity no later than April 1, 2035, to fund approximately \$65.0 million of the projects, capitalized interest, and the necessary

issuance costs. The Bonds will be issued as variable rate demand obligations and will be supported by a liquidity facility provided by State Street Bank and Trust Company (the Liquidity Facility). A swap transaction will be executed in conjunction with the Bonds if determined to be in the best interest of the University by the comptroller, pursuant to the terms and conditions negotiated by the comptroller. A competitive process would be utilized to select the swap provider.

The range of annual payments to the bondholders is estimated to be approximately \$2.7 million to \$14.5 million over the life of the 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, 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 Twelfth Supplemental System Revenue Bond Resolution, the Modal Agreement, the Tender Agent Agreement, the Remarketing Agreement, the Bond Purchase Agreement, the Swap Documents and the Liquidity Facility will be approved by Chapman and Cutler LLP, Bond Counsel, Chicago, Illinois, and/or Mayer Brown Rowe & Maw LLP, 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 Bonds.¹
2. Approval of the ISDA Master Agreement, a Schedule, a Credit Support Annex, and a Confirmation (the Swap Documents) for the interest rate swap if entered into in conjunction with the issuance of the Bonds.¹
3. Approval of the Liquidity Facility to be entered into in conjunction with the issuance of the Bonds.¹
4. Approval of the form of the Bond Purchase Agreement¹ with Citigroup Capital Markets, Inc., as underwriter, wherein the underwriter agrees to purchase from the board not less than all of the Bonds in an aggregate principal amount not exceeding \$72.0 million and with a final maturity of no later than April 1, 2035. The price at which the Bonds will be purchased from the board by the underwriter will not be less than 98.5 percent of the par amount thereof and at a variable interest rate that will not exceed 12 percent per annum except that Bonds held by the issuer of the Liquidity Facility will bear interest at a rate set forth in the Liquidity Facility, but in each case will not exceed the maximum interest rate permitted by law.
5. Approval of the form of the Twelfth Supplemental System Revenue Bond Resolution, and certain ancillary documents relating to the variable rate program, i.e., the Modal Agreement with the Bond Registrar, the Tender Agent Agreement with the Bond Registrar (acting as Bond Registrar and Tender Agent), and the Underwriter (acting as Remarketing Agent), and the Remarketing Agreement with the Remarketing Agent.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.

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 underwriter.
7. The comptroller and other authorized officers of the board 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 Twelfth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Modal Agreement, the Tender Agent Agreement, the Remarketing Agreement, the Liquidity Facility, and the Swap Documents, 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.