

Board Meeting
September 7, 2006

ROLL CALL

AUXILIARY FACILITIES SYSTEM REVENUE BONDS, SERIES 2006

Action: Approve Issuance of Auxiliary Facilities System Revenue Bonds, Series 2006

Funding: Proceeds of the Revenue Bonds

The Board, at its meeting on July 13, 2006, authorized a number of actions leading toward the issuance of Auxiliary Facilities System Revenue Bonds, Series 2006 (the “Bonds”) to finance a portion of the following projects: Chicago South Campus Mixed Use Development, Springfield Townhouses Phase III, Springfield Student Recreation Center, Springfield Residence Hall, Urbana Student Dining and Residential Programs Building and the First Wing of New Residence Hall, and Memorial Stadium Phased Development Plan. All of the projects have previously been approved by the Board. Additional approval was granted to refund certain outstanding Auxiliary Facilities System bonds if the refunding savings can reach at least three percent of the principal amount of the bonds to be refunded and the Comptroller deems such refunding to be economically beneficial.

Such actions have been completed including: retention of Pugh, Jones, Johnson & Quandt, P.C., as bond counsel; retention of Katten Muchin Rosenman LLP as special issuer’s counsel; retention of Public Financial Management, Inc., as financial

advisor; retention of Loop Capital Markets, LLC, as managing underwriter and Citigroup Global Markets Inc., as co-senior manager; retention of J P Morgan Trust Company, National Association as bond registrar; the preparation of the Preliminary Official Statement; the analysis of the purchase of bond insurance, where such insurance will be purchased by the managing underwriter; actions to pursue and obtain ratings on the revenue bonds; preparation of additional documents including a Supplemental Bond Resolution, Bond Purchase Agreement, Escrow Agreement (if prior bonds are refunded), and Continuing Disclosure Agreement.

Now it is requested that the Board authorize the issuance of the Bonds in an original principal amount not to exceed \$280.0 million to fund the projects, pay capitalized interest and issuance costs (see Attachment) and up to an additional \$115.0 million if the maximum amount of refunding is included. The final maturity of the Bonds shall be no later than April 1, 2036. All, or a portion, of the Bonds will be insured if it is deemed economically beneficial.

The Bonds will be issued as fixed rate bonds, will be fully registered, 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 (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary), student tuition and fees, 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 Thirteenth Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Escrow Agreement (if prior bonds are refunded), and the Continuing Disclosure Agreement will

be approved by Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel, and Katten Muchin Rosenman LLP, Chicago, Illinois, Special Issuer's Counsel; and certain legal matters will be passed upon by Freeborn & Peters LLP, Chicago, Illinois, Underwriters' Counsel.

The Vice President for Administration recommends the Board:

1. Authorize the issuance and sale of the Bonds, approve the Preliminary Official Statement and approve the Final Official Statement with the addition of the final terms of the Bonds.¹
2. Approve the form of the Bond Purchase Agreement¹ with Loop Capital Markets, LLC as managing underwriter and Citigroup Global Markets Inc., as co-senior managing underwriter, and Banc of America Securities LLC, Merrill Lynch & Co., Robert W. Baird & Co. Incorporated, Griffin, Kubik, Stephens & Thompson, Inc., Bernardi Securities, Inc., Mesirov Financial, Inc., Melvin Securities, L.L.C. and Podesta & Co., co-managers, wherein the underwriters agree to purchase from the Board all of the Bonds at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof and with the true interest cost of the Bonds not more than 5.50 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. Approve the Thirteenth Supplemental System Revenue Bond Resolution.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.

5. Approve the form of the Escrow Agreement (if applicable) with respect to the Bonds.¹
6. Approve of the form of the Continuing Disclosure Agreement by the Board with respect to the Bonds.¹
7. Ratify and confirm 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, co-senior manager and co-managers.
8. Authorize and empower the Comptroller and other authorized officers of the Board 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 Thirteenth 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.

University of Illinois- Series 2006 AFS Bonds

COST OF ISSUANCE

		Estimated on 8/25/06	Actual	
JP Morgan Trust Company, N.A.	TRUSTEE	\$ 7,000.00	\$ -	
	TRUSTEE'S COUNSEL	2,500.00	-	
Clifton Gunderson, LLP	AUDITOR'S CONSENT	8,500.00	-	
Pugh, Jones, Johnson & Quandt, P.C.	BOND COUNSEL	175,000.00	-	
Katten Muchin Rosenman LLP	SPECIAL COUNSEL AND TAX COUNSEL	95,000.00	-	
Public Financial Management Inc.	FINANCIAL ADVISOR TO THE UNIVERSITY	45,000.00	-	
	VERIFICATION AGENT (if any)	7,000.00	-	<i>estimate</i>
	PRINTER	12,000.00	-	<i>estimate</i>
	OFFICE OF CAPITAL FINANCING	9,300.00	-	
	MOODY'S	77,000.00	-	
	S & P	72,500.00	-	
	MISC.	10,000.00	-	
TOTAL COST OF ISSUANCE		\$ 520,800.00	\$ -	