Approved by the Board of Trustees

January 26, 2023

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Board Meeting

January 26, 2023

ROLL CALL

# DELEGATE AUTHORITY TO THE VICE PRESIDENT/CHIEF FINANCIAL OFFICER AND COMPTROLLER TO REFUND OUTSTANDING AUXILIARY FACILITIES SYSTEM REVENUE BONDS; NEW PROJECT TO BE FINANCED BY EXCESS PROCEEDS OF AUXILIARY FACILITIES SYSTEM REVENUE BONDS, SERIES 2018

**Action:** Approve Delegation of Authority to the Vice President/Chief Financial

Officer and Comptroller to Refund Auxiliary Facilities System Revenue Bonds and Approve New Project to be Financed by Excess Proceeds of Auxiliary Facilities System Revenue Bonds, Series 2018

**Funding:** Proceeds of the Auxiliary Facilities System Refunding Revenue Bonds and

Proceeds of the Auxiliary Facilities System Revenue Bonds, Series 2018 and Gift Funds

The Board of Trustees of the University of Illinois (the “Board”) approves (i) the sale and issuance of auxiliary facilities system refunding revenue bonds and (ii) the new project to be financed by excess proceeds of the University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2018A, and University of Illinois Auxiliary Facilities System Revenue Bonds, Series 2018B (the “Series 2018 Bonds”). This Board action item authorizes (i) the sale and issuance of bonds for the refunding of existing bonds and (ii) use of excess proceeds of the Series 2018 Bonds for the replacement of the roof at the Atkins Tennis Center as further described in Attachment A hereto.

Sale and Issuance of Auxiliary Facilities System Refunding Revenue Bonds

In the current interest rate environment, several of the Board’s outstanding bond issues can be refunded, in whole or in part, and produce debt service savings. Such bond issues include, but are not limited to, the Auxiliary Facilities System Refunding Revenue Bonds, Series 2013A (all currently outstanding Auxiliary Facilities System Revenue Bonds being referred to as the “Outstanding Bonds”). By this action, the Board is authorizing the issuance of one or more series of Auxiliary Facilities System Refunding Revenue Bonds (the “Refunding Bonds” or the “Bonds”) to capture refunding savings that are available at the time of the sale of such Refunding Bonds. The principal amount of the Refunding Bonds to be issued to accomplish the refunding and the level of savings to be derived from such refunding will depend upon the market conditions at the time of sale.

The decision as to the timing and size of the issue (or issues) will rest with the Vice President/Chief Financial Officer and Comptroller (the “Comptroller”). The current intention is to sell and issue the Bonds in the first quarter of 2023 to realize and optimize refunding savings benefits for the Auxiliary Facilities System of the University (the “System”). The authorization provided by the Board pursuant to this Resolution will be effective for one year from the date hereof and may be renewed at a subsequent meeting of the Board. In no event will the aggregate principal amount of the Bonds exceed $185,000,000. The final maturity of such issue (or issues) shall not be later than April 1, 2032.

The Bonds will be sold from time to time via (i) a public competitive bidding process to the bidder or syndicate submitting the offer to purchase one or more series of the Bonds determined by the Comptroller to be in the best financial interest of the Board or (ii) a negotiated sale to the underwriter or underwriters appointed as described below, all as determined by the Comptroller. Depending on market conditions, certain series of the Bonds authorized hereby may be sold competitively, while others may be sold on a negotiated basis. The Bonds will be issued as fixed-rate bonds. Each series of Bonds may be issued as Bonds, the interest on which is (i) exempt from federal income taxation or (ii) subject to federal income taxation. The Bonds will be fully registered and will be special, limited obligations of the Board, payable only from and secured by the net revenues of the 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.

Following a prior Request for Proposal (the “RFP”) selection process, 12 firms were approved to serve as senior managing underwriters for University debt offerings. The Comptroller will select any one or a combination of these firms to serve as senior manager on a negotiated sale of the Bonds. Other co-managing underwriters, previously approved by the same RFP process for such a role, will be assigned on an issue-by-issue basis.

Accordingly, to proceed with the preparation, sale, and issuance of the Bonds, the Comptroller recommends that the Board approve the following actions:

1. Authorization of the sale and issuance of up to $185,000,000 of aggregate principal amount of Bonds.
2. For the Bonds of each series, as applicable, approval of the forms of (i) the Official Notice of Sale and Bid Form (the “Notice of Sale”) in substantially the form of the Official Notice of Sale and Bid Form used in the most recent System financing competitively sold by the Board and (ii) the Preliminary Official Statement in substantially the form of the Preliminary Official Statement used in the most recent fixed rate System financing sold by the Board and approval of the final Official Statement in substantially the form of the final Official Statement used in the most recent fixed rate System financing sold by the Board, each updated to include current disclosure information respecting the University and its financial condition and the terms of the Bonds.
3. Approve the form of the Bond Purchase Agreement, in substantially the form presented to the Board at the March 11, 2021, Board meeting, to be used in connection with a negotiated sale of a series of the Bonds. Whether sold competitively or on a negotiated basis, the Bonds of each series (i) shall be sold to the purchasers thereof at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof, (ii) shall have a true interest cost of the Bonds of any series not to exceed 6.25 percent, and (iii) shall have coupon interest rates not to exceed 6.50 percent. Any agreement entered into with the purchasers of Bonds sold competitively shall have terms and conditions no less favorable to the Board than those contained in the form of a Bond Purchase Agreement.
4. Delegate to the Comptroller the authority to (i) determine the particular Outstanding Bonds to be refunded with proceeds of the Bonds, (ii) determine the method of sale of any series, competitive or negotiated, (iii) for a competitive sale, direct the publication of the Notice of Sale in such locations as shall be determined by the Comptroller to provide a competitive sale of Bonds on terms most favorable to the Board, and (iv) for a negotiated sale, approve the firm(s) from the pool qualified under the RFP to serve as the senior managing underwriter and appoint co-managers and selling group members from the pool qualified under the RFP to assist in the marketing of the Bonds.
5. Delegate to the Comptroller the authority to determine the number and timing of sales of the Bonds, as well as the principal amount, final terms, and terms of the sale of the Bonds within the limits expressed in this Board action and to ratify, approve and confirm any changes in the forms of the documents authorized herein necessary or appropriate in connection herewith.
6. Approval of the Twenty-Seventh Supplemental System Revenue Bond Resolution in substantially the form before this meeting to authorize the sale and issuance of the Bonds described herein.
7. Approval of the Escrow Agreement (or Escrow Agreements, as applicable), in substantially the same form as the Escrow Agreement entered into by the Board on March 11, 2021, and Escrow Letter Agreement (or Escrow Letter Agreements, as applicable), in substantially the same form as the Escrow Letter Agreement entered into by the Board on July 8, 2021, for the deposit of proceeds of any series of the Bonds and such other funds of the Board as shall be deemed necessary by the Comptroller to provide for the refunding of a series of Outstanding Bonds.
8. Approve the form of Continuing Disclosure Agreement (or Continuing Disclosure Agreements, as applicable), in substantially the same form as the Continuing Disclosure Agreement entered into by the Board on July 8, 2021, with respect to the Bonds to be executed and delivered in connection with the sale of each series of the Bonds.
9. 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 initial purchaser.
10. For the Bonds of each series, as applicable, authorize 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 Notice of Sale, the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, the Twenty-Seventh Supplemental System Revenue Bond Resolution, the Escrow Agreement or Escrow Letter Agreement, and the Continuing Disclosure Agreement, including a Tax Exemption Certificate and Agreement in a form satisfactory to Bond Counsel, University Counsel, and the Board’s Issuer’s Counsel, and ratify, approve, and confirm 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.
11. Retain Chapman and Cutler LLP to serve as bond counsel.
12. Retain Public Financial Management, Inc. to serve as financial advisor.
13. Retain Katten Muchin Rosenman LLP to serve as issuer’s counsel.
14. Retain The Bank of New York Mellon Trust Company, N.A. to serve as bond registrar and escrow agent.
15. Retain Robert Thomas CPA, LLC to serve as verification agent to the extent required.
16. Delegate to the Comptroller the authority to negotiate for credit enhancement as needed and deemed economically beneficial following consultation with the financial advisor.
17. Take actions to pursue and obtain a credit rating or ratings on the Bonds.

Certain legal matters incidental to the authorization and issuance of the Bonds, the forms of the Notice of Sale and the Preliminary and Final Official Statements, and the authorization, execution, and delivery of the Twenty-Seventh Supplemental System Refunding Revenue Bond Resolution, the Escrow Agreement or Escrow Letter Agreement, the Bond Purchase Agreement, and the Continuing Disclosure Agreement will be approved by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and Katten Muchin Rosenman LLP, Chicago, Illinois, Issuer’s Counsel.

The Comptroller shall report to the Board the results of the sale of each series of Bonds authorized hereby.

Funding will be available from the proceeds of the Bonds.

New Project to be Financed With the Series 2018 Bonds

The Board, at its meeting on March 15, 2018, authorized the issuance of the Series 2018 Bonds to (i) refund certain outstanding obligations of the Board and (ii) finance the construction of a football performance center and a soccer and track complex, the renovation and addition of a residence hall dining facility and the reorientation and replacement of certain track and field facilities on the Urbana campus (collectively, the “Series 2018 Projects”). Subsequently, through a combination of cost savings, budget transfers and budget reductions, it was determined that the project spending for the Series 2018 Projects would be less than the original budget. The excess proceeds of the Series 2018 Bonds resulting from the reduced project cost must be used for an Auxiliary Facilities System purpose. On March 21, 2021, the Board approved the First Amendment to Twenty-Third Supplemental System Bond Resolution which amended the Series 2018 Projects to provide for the renovation and addition to the Ubben Basketball Complex (the “Additional 2021 Project”). The Division of Intercollegiate Athletics, with the concurrence of the Chancellor, has determined that the proceeds of the Series 2018 Bonds authorized for the Additional Series 2021 Project are no longer needed for the Additional 2021 Project and recommends amending the Series 2018 Projects and utilize such excess Series 2018 Bonds proceeds toward the replacement of the existing 63,700 square foot roof at the Atkins Tennis Center (the “Additional 2023 Project”).

The Vice President/CFO and Comptroller (the “Comptroller”) recommends that the Board approve:

1. The revised list of projects as shown in Attachment A hereto.[[1]](#footnote-1)
2. Adoption of a Second Amendment to the Twenty-Third Supplemental System Revenue Bond Resolution (as set forth in the Twenty-Seventh Supplemental Bond Resolution) for the purpose of using the excess Series 2018 Bonds proceeds to fund the construction of the Additional 2023 Project in substantially the form before the Board.
3. Adoption of a Supplemental Tax Certificate (the “Supplemental Tax Certificate”) in substantially the form before the Board in connection with the First Amendment to the Twenty-Third Supplemental System Revenue Bond Resolution on March 11, 2021, and delegation of authority to the Comptroller to approve the final form of the Supplemental Tax Certificate, but with such changes as may be necessary to enable bond counsel to deliver its favorable opinion of bond counsel with respect to the Second Amendment to the Twenty-Third Supplemental System Revenue Bond Resolution.

Funding will be available from the proceeds of the Series 2018 Bonds and gift funds.

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 of Illinois System concurs.

**Attachment A**

**Revised Project List**

**Football Performance Center, Urbana**

Consists of the construction of a new Football Performance Center, immediately east of Memorial Stadium, which will house football team rooms, locker rooms, sports medicine, strength, and sports training areas, as well as coaches’ offices and football operations.

**Renovation and Addition, Dining Facility, Illinois Street Residence Halls, Urbana**

Consists of the renovation and expansion of the existing dining services building at the Illinois Street Residence Halls. The location of this complex, close to The Grainger College of Engineering, serves as a tour destination for prospective students, making this facility strategically important to University Housing. The upgrade to this facility will increase the seating capacity as well as provide for Residential Life in the complex.

**Soccer and Track Complex, Division of Intercollegiate Athletics, Urbana**

Consists of the construction of a new soccer and track complex that will include two new grass soccer fields and a new soccer and track building. The new soccer and track building will provide locker rooms and team facilities for women’s soccer, men’s and women’s track and field, officials’ locker rooms, bleachers for viewing both soccer and track, public concessions, and restroom facilities, and will be approximately 16,800 gross square feet.

**Roof Replacement, Atkins Tennis Center, Urbana**

Consists of the replacement of the existing 63,700 square foot roof at the Atkins Tennis Center. which is currently in extremely poor condition. This project requires the complete removal of the existing roof materials and replacement with a new fully adhered single ply roof system. The existing copings and flashings will be removed and replaced, and the roof insulation may need to be removed and replaced. A new lightening protection system will be installed.

1. As previously approved by the Board, the Series 2018 Bonds proceeds are available to be utilized interchangeably on the separate projects listed in Attachment A or on additional projects if such additional projects were approved by the Board. [↑](#footnote-ref-1)