

Board Meeting
July 25, 2013

ROLL CALL

UNIVERSITY OF ILLINOIS HEALTH SERVICES FACILITIES SYSTEM REVENUE
BONDS, SERIES 2013

Action: Approve Issuance of University of Illinois Health Services Facilities System Revenue Bonds, Series 2013

Funding: Proceeds of the Revenue Bonds Authorized Hereby

The Board, at its meeting on November 8, 2012, authorized a number of actions leading toward the issuance of its Health Services Facilities System Revenue Bonds, Series 2013 (the “Bonds”). The Bonds will finance the University of Illinois Medical Center Infrastructure Replacement and Renovation Project in Chicago (the “Project”). The Project is more fully described in the Third Supplemental Resolution (described below). It is expected that interest paid on the Bonds will be excluded from the Federal gross income of the owners of the Bonds.

Actions leading toward the issuance of the Bonds have been taken, including: retention of Chapman and Cutler LLP as bond counsel; retention of Freeborn & Peters LLP as special issuer’s counsel; retention of Public Financial Management Inc., as financial advisor; retention of BMO Capital Markets GKST Inc., as managing underwriter with M. R. Beal & Company serving as co-managing underwriter; retention of The Bank of New York Mellon Trust Company, N.A. as bond registrar and trustee; the preparation of the Preliminary Official Statement; actions to pursue and obtain ratings on

the Bonds; and preparation of additional documents including a Third Supplemental System Revenue Bond Resolution (the “Third Supplemental Resolution”), a Bond Purchase Agreement, and a Continuing Disclosure Undertaking.

Now it is requested that the Board authorize the issuance of the Bonds in an original principal amount not to exceed \$77.0 million to fund the Project and pay costs of issuance. The final maturity of the Bonds shall be not later than thirty (30) years from the date of issuance thereof. The Bonds will be issued as fixed-rate bonds.

The Bonds will be fully registered and will be special, limited obligations of the Board. The Bonds, together with the Board’s outstanding University of Illinois Variable Rate Demand Health Services Facilities System Revenue Refunding Bonds, Series 2008 and Health Services Facilities System Revenue Bonds, Series 1997B, any other Parity Bonds issued in the future and any additional parity debt, will be payable only from and secured by (i) first, the Net Revenues of the Health Services Facilities System (the “System”), (ii) second, all charges, income and revenues of the University of Illinois College of Medicine Medical Service Plan in an amount not to exceed in any fiscal year annual debt service on the Series 1997B Bonds, the Series 2008 Bonds, the Bonds and any other Parity Bonds issued in the future and mandatory transfers pursuant to the Bond Resolution, and (iii) third, College of Medicine Student Tuition in an amount not to exceed in any fiscal year annual debt service on the Series 1997B Bonds, the Series 2008 Bonds, the Bonds and any other Parity Bonds issued in the future and mandatory transfers pursuant to the Bond Resolution, subject to certain prior pledges as more fully described in the Third Supplemental Resolution. In addition, the Bonds are secured by

amounts on deposit in the Bond and Interest Sinking Fund Account held under the Bond Resolution (as defined in the Third Supplemental Resolution).

Certain legal matters incidental to the authorization and issuance of the Bonds, the forms of the Preliminary and final Official Statements, the Third Supplemental Resolution, the Bond Purchase Agreement, and the Continuing Disclosure Undertaking will be approved by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and Freeborn & Peters LLP, Chicago, Illinois, Special Issuer's Counsel; and certain legal matters will be passed upon by Katten Muchin Rosenman LLP, Chicago, Illinois, Underwriters' Counsel.

Accordingly, in order to proceed with the preparation, sale, and issuance of the Bonds, the Vice President/Chief Financial Officer and Comptroller recommends that the Board approve the following actions:

1. Authorization of the sale and issuance of up to \$77.0 million of the Bonds.
2. Approval of the Preliminary Official Statement and approval of the final Official Statement with the addition of the final terms of the Bonds.¹
3. Approval of the form of the Bond Purchase Agreement¹ with BMO Capital Markets GKST Inc., as managing underwriter wherein the underwriters agree to purchase from the Board all of the Bonds, such Bonds to be purchased by the underwriters at a price, exclusive of net original issue discount or premium, not less than 98 percent of the par amount thereof and such Bonds to have a true interest cost of not to exceed 7.00 percent per annum.

¹ A 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 hereby delegated by the Board.

4. 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 and the Third Supplemental Resolution. Prior to the sale and issuance of the Bonds, the Comptroller will advise the Board's Executive Committee of the decision to proceed with the sale and issuance of the Bonds.
5. Approval of the Third Supplemental Resolution.¹
6. Approval of the form of the Continuing Disclosure Undertaking by the Board with respect to the Bonds.¹
7. Authorize the Director of Capital Financing or his designee to conduct a public hearing for the purposes of compliance with Section 147(f) of the Internal Revenue Code of 1986 and to request approval of the Bonds from the Governor of the State of Illinois.
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 Bonds to the managing underwriter.
9. That 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 Official Statement, the Third Supplemental System Revenue Bond Resolution, the Bond Purchase Agreement, the Continuing Disclosure Undertaking, including a Tax Exemption Certificate and Agreement in form satisfactory to Bond Counsel, University Counsel and the Board's Special Issuer's Counsel, 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.

Funding will be available from the proceeds of the Bonds.

The President of the University concurs.