

SPECIAL MEETING OF THE BOARD OF TRUSTEES
OF THE
UNIVERSITY OF ILLINOIS¹

May 15, 1978



On call of the president of The Board of Trustees, a special meeting of The Board of Trustees of the University of Illinois was held in the Conference Room, Illinois Board of Higher Education, Fifth Floor, Reisch Building, 4 West Old Capitol Square, Springfield, Illinois, on Monday, May 15, 1978, beginning at 12:30 p.m.

President George W. Howard III called the meeting to order. The following members of the board were present: Mr. William D. Forsyth, Jr., Mr. Ralph C. Hahn, Mr. George W. Howard III, Mr. Robert J. Lenz, Mr. Park Livingston, Mrs. Jane Hayes Rader, Mrs. Nina T. Shepherd. Mr. Earl Langdon Neal, Governor James R. Thompson, and Mr. Arthur R. Velasquez were absent. The following nonvoting student trustee was present: Miss Gretchen Winter, Chicago Circle campus. Miss Cathy Conlon, Medical Center campus, and Mr. Cornele Overstreet, Urbana-Champaign campus, were absent.

Also present were President John E. Corbally; Mr. Robert N. Parker, associate vice president for financial affairs; and the officers of the board, Dr. Ronald W. Brady, comptroller (also vice president for administration for the University); Mr. James J. Costello, university counsel; and Dr. Earl W. Porter, secretary. Also present were representatives of the Continental Bank of Chicago and of the firms of Chapman and Cutler, A. G. Becker, and Meyer, Brown, and Platt.

¹ The Bylaws of the Board of Trustees provide (in Article I, Section 2):

Special meetings may be called, whenever deemed necessary, by the president or any three members of the board, by giving at least twenty-four hours' notice thereof by mail, telegraph, or telephone to each member of the board. In such notice, the object and general character of the special business to be transacted at such meeting shall be stated.

The object and general character of the special business to be transacted was the approval of proceedings in connection with the issuance of the University of Illinois Auxiliary Facilities System Revenue Bonds, Series A through M, and including the following: (1) approval of the Official Statement, (2) approval and adoption of the Bond Resolution, (3) approval of the execution of the Contract of Purchase, (4) approval of the execution of the Escrow Agreement, (5) authorization for the exchange of bonds with the Department of Housing and Urban Development, (6) authorization for the execution of the bonds, (7) authorization of the comptroller to name an alternate paying agent, if necessary, (8) authorization for the disposition of funds held for the outstanding bonds to be refunded, and (9) ratification and confirmation of actions of officers and members of the board in connection with the sale and delivery of the bonds to purchasers.

**Approval of Proceedings in Connection with the Issuance of
University of Illinois Auxiliary Facilities System
Revenue Bonds, Series A Through M**

(1) On March 15, 1978, the Board approved the recommendation that the University proceed with a planned underwriting for an Advance Refunding Bond Issue encompassing all outstanding bonded indebtedness of the University as of April 12, 1978; and encompassing the outstanding existing indebtedness of the University of Illinois Foundation on certain athletic and recreational facilities, namely Memorial Stadium and the Intramural-Physical Education Building, at the Urbana-Champaign campus.

On April 12, 1978, the Board adopted a resolution approving the "Preliminary Official Statement" presented to the Board at that meeting for the University of Illinois Auxiliary Facilities System Revenue Bonds, Series M.

The Series M Bonds are being issued pursuant to the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended, Illinois Revised Statutes, Chapter 144, Sections 48.1-48.7a. The proceeds from the sale of the M Bonds will be used (i) to provide a part of the funds to advance refund \$56,660,000 principal amount of the Board's outstanding revenue bonds by purchasing United States Government Securities which will be deposited in the Bond Escrow Fund, the maturing principal of and interest on which, together with other escrowed United States Government Securities, will be sufficient to pay maturing principal of, redemption premium, if any, and maturing interest on the outstanding revenue bonds of the Board other than the Board's revenue bonds owned by the United States Department of Housing and Urban Development, (ii) to acquire the Athletic and Recreational Facilities (Memorial Stadium and Intramural-Physical Education Building), (iii) to pay certain expenses of creating the System including expenses relating to issuance of the Bonds, and (iv) to deposit \$2,500,000 into the debt service reserve.

In addition to the Series M Bonds, and upon delivery of the Series M Bonds, the University will exchange \$20,074,000 principal amount of its outstanding revenue bonds owned and held by the United States Department of Housing and Urban Development for \$20,074,000 principal amount of Series A through L Bonds to be issued under the Bond Resolution. The Series A through M Bonds are equally secured under the Bond Resolution.

The Series M Bonds will be issued as coupon bonds, registrable as to principal only, in the denomination of \$5,000 each, and as fully registered bonds without

coupons in denominations of \$5,000 or any integral multiple thereof, with the right of exchange as provided in the Bond Resolution.

The Bonds do not constitute an obligation of the State of Illinois, or of individual members, officers, or agents of the Board but are payable solely by the Board from Net Revenues of the University of Illinois Auxiliary Facilities System and from Student Tuition and Fees, as authorized, and from other funds pledged to pay principal of, redemption premium, if any, and interest on the Bonds as described in the Bond Resolution.

All legal matters incidental to the authorization and issuance of the Bonds by the Board; the Official Statement; and the Bond Resolution have been approved by Chapman and Cutler, Bond Counsel, Chicago, Illinois.

The president, with the concurrence of the appropriate administrative officers, recommends the following:

1. Approval of the Official Statement for \$43,865,000 The Board of Trustees of the University of Illinois Auxiliary Facilities System Revenue Bonds, Series M.¹
2. Adoption of a Resolution authorizing and providing for the issuance of Revenue Bonds for the purpose of refunding the outstanding revenue bonds of The Board of Trustees of the University of Illinois, paying the cost of acquiring certain athletic and recreational facilities, paying certain expenses of creating the System including expenses relating to the issuance of the Bonds and creating a debt service reserve, setting forth the terms under which revenue bonds are to be issued, providing for the rights of the holders thereof and providing for the management, maintenance, improvement, and operation of the Auxiliary Facilities System.¹
3. Approval of the Contract of Purchase with the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as representative of the purchasers, wherein the purchasers, jointly and severally, agree to purchase from the Board and the Board agrees to sell to the purchasers all (but not less than all) of \$43,865,000 aggregate principal amount of The Board of Trustees of the University of Illinois Auxiliary Facilities System Revenue Bonds, Series M, dated June 1, 1978, maturing and bearing interest at the rate or rates and having maturities as shown on Schedule A attached thereto. The purchase price will be \$43,017,637 plus interest accrued from June 1, 1978, to the date of issuance.²
4. Approval of the Escrow Agreement with the First National Bank of Chicago, Chicago, Illinois, to serve as Escrow Agent, as defined in the Bond Resolution.¹
5. Authorization for the exchange of the Series A through L Bonds for the Outstanding Exchange Refunded Bonds presently held by the Department of Housing and Urban Development and the execution by the appropriate officers of the Board of any amendments to existing Loan Agreements in connection with said Outstanding Exchange Refunded Bonds and any documents as shall be required by such Department to facilitate such exchange.
6. Authorization for the execution of the bonds by Earl W. Porter, secretary of the Board, by facsimile signature of the president of the Board, and by the facsimile signatures of William D. Forsyth, Jr., and Jane Hayes Rader, members of the Board.
7. Authorization for the comptroller to name an alternate paying agent, if necessary.
8. Authorization for the comptroller of the Board to give notice of the refunding

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 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 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.

² A copy has been filed with the secretary of the Board for record.

by the Board of all outstanding revenue bonds of the Board and to direct the disposition of all funds held by all banks, trustees, and other depositories under the provisions of the resolutions authorizing such outstanding bonds.

9. 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 purchasers.
10. That the comptroller and other authorized officers of this 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 this Board as may be by them deemed necessary or appropriate to comply with or to evidence compliance with, the terms, conditions, or provisions of the Official Statement, the Bond Resolution, the Escrow Agreement, the Contract of Purchase, and the exchange with the Department of Housing and Urban Development and all acts and things whether heretofore or hereafter done or performed by and of the officers of this 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.

Vice President Brady and others presented additional background information and reviewed the various documents being presented to the board. The final figures were supplied for the bond sale. A number of calculations remain to be made in connection with the resolution authorizing and directing the execution of the escrow agreement. By consensus, it was agreed that the final figures will be presented for the record at the board meeting of May 24, 1978.

The student advisory vote was: Aye, Miss Winter; no, none; absent, Miss Conlon, Mr. Overstreet.

On motion of Mrs. Rader, the recommendations as submitted by the president of the University were approved by the following vote: Aye, Mr. Forsyth, Mr. Hahn, Mr. Howard, Mr. Lenz, Mr. Livingston, Mrs. Rader, Mrs. Shepherd; no, none; absent, Mr. Neal, Governor Thompson, Mr. Velasquez.

There being no further business, the board adjourned.

EARL W. PORTER
Secretary

GEORGE W. HOWARD III
President