

**ILLINOIS STATE  
UNIVERSITY**

**BOARD OF  
TRUSTEES**

**Resolution No. 2017.12/38  
Authorization to Issue  
Auxiliary Facilities  
System Revenue Bonds Series 2017**

**Resolution**

Whereas, the Board of Trustees of the University (the “Board”) has the authority to issue Auxiliary Facilities System Revenue Bonds, and

Whereas, the Board entered into a Public Private Partnership in 2011 with the issuance of \$59,610,000 of bonds for the purpose of building the Cardinal Court property (the “Project”), and

Whereas, Illinois State University (the “University”) desires to obtain funds for the purpose of redeeming bonds and acquiring certain property to incorporate into the Auxiliary Facilities System (the “System”), and

Whereas, current interest rates provide the University an opportunity to realize substantial savings by issuing AFS Series 2017 bonds:

Therefore be it resolved by the Board of Trustees of Illinois State University in special meeting assembled, that:

1. The Board authorizes issuance of Auxiliary Facilities System Revenue Bonds, Series 2017 (the “Bonds”) in order to acquire the Cardinal Court Project if such refunding generates a positive total cost savings versus the annual expenditures of the Public Private Financing with Collegiate Housing Foundation (CHF) entered into in 2011 and the Treasurer of the Board determines that such refunding is in the best interests of the Board, and to pay the costs of issuing the Bonds. The Bonds shall be in an aggregate principal amount not to exceed \$60,000,000 with a final maturity no later than April 1, 2043. The interest rate on the Bonds until December 2, 2019 will be calculated as set forth in the Twelfth Supplemental System Revenue Bond Resolution (described below), and will not exceed 4.00%; after December 2, 2019, the interest rate on the Bonds will be a default rate described in the Twelfth Supplemental System Revenue Bond Resolution.
2. The Board authorizes the Treasurer to apply surplus revenues of the System in an amount not to exceed \$16,000,000 to the cost of acquiring the Project, as well as refunding the Series 2017 Bonds and Auxiliary Facilities System Revenue Bonds, Series 2008 through the issuance of Auxiliary Facilities System Revenue Bonds early next year, as described in Resolution No. 2017.12/39 being considered at this meeting.

3. The Bank of New York Trust Company, N.A., is hereby authorized to serve as Bond Registrar and Paying Agent for the Bonds.
4. Pursuant to the Board's existing contract, the law firm of Chapman and Cutler LLP is hereby retained as Bond Counsel to the Board.
5. Pursuant to the Board's existing contract, the firm of Blue Rose Capital Advisers, LLC, is hereby retained as Financial Advisor.
6. The Treasurer of the Board or his designee is hereby authorized to enter into a Bond Purchase Agreement with Bank of America, N.A., as Purchaser, for the sale of the Bonds for not less than 100% of the par amount thereof.
7. The Board approves the forms of the Twelfth Supplemental System Revenue Bond Resolution and the Bond Purchase Agreement. Copies of such documents are on file with the Secretary of the Board for recording. The Chairperson, Secretary and Treasurer of the Board (or their designees) are hereby authorized and directed to execute such documents in the name of and on behalf of the Board in substantially the forms 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 forms thereof presented to this meeting.
8. The Chairperson, the Secretary and the Treasurer of the Board and the members, officers, agents and employees of the Board are hereby authorized and directed to do all such acts and to execute all such documents as may be necessary to carry out and comply with the provisions of this resolution and with the actions of the members, officers, agents, and employees of the Board which are in conformity with the intent and purposes of this resolution, whether heretofore or hereafter taken or done, which actions shall be and are ratified, confirmed and approved.

Board Action on: \_\_\_\_\_  
 Motion by: \_\_\_\_\_  
 Second by: \_\_\_\_\_  
 Vote: Yeas: \_\_\_\_\_ Nays: \_\_\_\_\_

Postpone: \_\_\_\_\_  
 Amend: \_\_\_\_\_  
 Disapprove: \_\_\_\_\_  
 Approve: \_\_\_\_\_

ATTEST: Board Action, December 16, 2017

\_\_\_\_\_  
 Secretary/Chairperson

Supplemental Information  
Board of Trustees  
Illinois State University  
Auxiliary Facilities System Revenue Bonds, Series 2017

The Auxiliary Facilities System (the “AFS”) at Illinois State University is comprised of facilities that either (i) were constructed with proceeds from revenue bonds issued within the authority delegated by the State to the Board, or (ii) now produce revenues that are used to operate and maintain AFS facilities. All revenues received in conjunction with the operation of the AFS facilities are pledged towards the payment of outstanding revenue bonds and the operation and maintenance of the facilities.

The University entered into a Public-Private partnership in 2011 with Collegiate Housing Foundation to construct the Cardinal Court residence hall complexes (the “Project”) as part of the Long-Range Housing and Dining Plan.

The financing of the Project was completed by the issuance of \$59,610,000 of Student Housing Revenue Bonds (CHF-Normal, L.L.C. – Illinois State University Project) Series 2011 by the Illinois Finance Authority on February 23, 2011 (the “IFA Bonds”). The IFA Bonds currently have a range of interest rates from 5.50% to 7.00%, depending on the maturity date, with an optional redemption at par on April 1, 2021. The IFA Bonds have an outstanding principal balance of \$58,445,000 until the next scheduled principal payment on April 1, 2018.

If the Board elects to purchase the Project by advance refunding the IFA Bonds, the proceeds of the Bonds (and legally available System surplus funds in an amount not to exceed \$16 million, which amount includes funds to be used to refund the Bonds and the Series 2008 Bonds) would be used to finance such advance refunding.

As a result of proposed legislation in Congress to amend the Internal Revenue Code, advance refundings of outstanding bonds such as the IFA Bonds on a tax-exempt basis may not be allowed after December 31, 2017. Therefore, the Treasurer considers it to be prudent to advance refund the IFA Bonds before December 31, 2017 by asking the Board to authorize the issuance of a new series of Auxiliary Facilities System Revenue Bonds in an amount not to exceed \$60,000,000, at an interest rate not to exceed 4.00% until December 2, 2019, with a call date of March 1, 2018. This transaction will permit a future current refunding of the Bonds, beginning in early 2018, with tax-exempt Auxiliary Facilities System Revenue Bonds. Total cash flow savings to the University resulting from refinancing the Bonds with lower tax-exempt interest rates are estimated to be at least \$21 million over a 25-year term.

The University’s estimated pro forma annual debt service will be approximately \$16 million of which \$11 million is for AFS bonds and \$5 million is for COPs debt. The total principal amount of University’s long-term debt will be approximately \$170 million of which \$120 million is for AFS bonds and \$50 million COPs debt.

**ILLINOIS STATE  
UNIVERSITY**

**BOARD OF  
TRUSTEES**

**Resolution No. 2017. 12/39  
Authorization to Issue  
Auxiliary Facilities  
System Revenue Bonds Series 2018**

**Resolution**

Whereas, the Board of Trustees of the University (the “Board”) has the authority to issue Auxiliary Facilities System Revenue Bonds, and

Whereas, the Board issued Auxiliary Facilities System Revenue Bonds, Series 2008 (the “Series 2008 Bonds”), in the amount of \$30,005,000 on March 13, 2008 for the purpose of funding various construction projects in the Auxiliary Facilities System (the “System”), and

Whereas, the Board in the Ninth Supplemental Resolution authorizing the issuance of the Series 2008 Bonds provided that such bonds maturing on or after April 1, 2019 are subject to redemption on or after April 1, 2018 at the option of the Board, and

Whereas, the Board intends to issue Auxiliary Facilities System Revenue Bonds, Series 2017 (the “Series 2017 Bonds”) in an amount not to exceed \$60,000,000 for the purpose of acquiring the Cardinal Court residence halls prior to December 31, 2017, and further intends to redeem such Series 2017 Bonds; and

Whereas, Illinois State University (the “University”) desires to obtain funds for the purpose of redeeming the Series 2008 Bonds and the Series 2017 Bonds, and

Whereas, current interest rates provide the University an opportunity to realize substantial savings by issuing Auxiliary Facilities System Revenue Bonds, Series 2018 (the “Series 2018 Bonds”):

Therefore be it resolved by the Board of Trustees of Illinois State University in special meeting assembled, that:

1. The Board authorizes issuance of Auxiliary Facilities System Revenue Bonds, Series 2018 (the “Bonds”) in order to refund the Series 2008 Bonds and the Series 2017 Bonds if one or both of such refundings generate a positive total cost savings and the Treasurer of the Board determines that such refunding is in the best interests of the Board, and to pay the costs of issuing the Bonds. The Bonds shall be in an aggregate principal amount (net of original issue discount) not to exceed \$85,000,000 with a final maturity no later than April 1, 2043. The true interest cost of the Bonds will not exceed 5.25%.
2. The Board authorizes the Treasurer to apply surplus revenues of the System in an amount not to exceed \$16,000,000 to the cost of refunding the Series 2017 Bonds and the Series 2008 Bonds, as well as to the cost of

acquiring the Cardinal Court residence halls, as described in Resolution No. 2017.12/38 being considered at this meeting.

3. The Bank of New York Trust Company, N.A., is hereby authorized to serve as Bond Registrar and Paying Agent for the Bonds.
4. Pursuant to the Board's existing contract, the law firm of Chapman and Cutler LLP is hereby retained as Bond Counsel to the Board.
5. Pursuant to the Board's existing contract, the firm of Blue Rose Capital Advisers, LLC, is hereby retained as Financial Advisor.
6. The Treasurer of the Board or his designee is hereby authorized to enter into a Bond Purchase Agreement with the following underwriters (Merrill Lynch, Pierce, Fenner & Smith Incorporated (or its successors and assigns), Hilltop Securities, and Loop Capital) for the sale of the Bonds for not less than 98% of the par amount thereof (exclusive of any original issue discount or premium). The fees for services of the underwriters shall be contingent upon the actual sale of the Bonds. The Treasurer of the Board is hereby authorized to designate one of the underwriters as the Managing Underwriter and to retain such other co-managing underwriters as he deems to be in the best interests of the Board.
7. The Board approves the preparation and distribution of a Preliminary Official Statement and the execution and delivery of an Official Statement in connection with the sale of the Bonds. The Board approves the form of the Preliminary Official Statement, a copy of which is on file with the Secretary of the Board for recording. The Treasurer is further authorized and directed to execute a final Official Statement in the name of and on behalf of the Board in substantially the form of the Preliminary Official Statement presented to this meeting but with final terms of the Bonds set forth therein, and with such other changes as may be approved by the officer of the Board executing the same, his/her execution thereof to constitute conclusive evidence of the Board's approval of all changes from the form thereof presented to this meeting.
8. The Board approves the forms of the Thirteenth Supplemental System Revenue Bond Resolution, the Continuing Disclosure Agreement and the Bond Purchase Agreement. Copies of such documents are on file with the Secretary of the Board for recording. The Chairperson, Secretary and Treasurer of the Board (or their designees) are hereby authorized and directed to execute such documents in the name of and on behalf of the Board in substantially the forms 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 forms thereof presented to this meeting.
9. In the event the Managing Underwriter determines that the acquisition of bond insurance for the Bonds is economical, the Treasurer is hereby authorized to agree to comply with the terms and provisions of such bond insurance, if such terms are approved by the Treasurer of the Board to be in the best interests of the Board.
10. The Chairperson, the Secretary and the Treasurer of the Board and the members, officers, agents and employees of the Board are hereby authorized and directed to do all such acts and to execute all such documents as may be necessary to carry out and comply with the provisions of this resolution and with the actions of the members, officers, agents, and employees of the Board which are in conformity with the intent and purposes of this resolution, whether heretofore or hereafter taken or done, which actions shall be and are ratified, confirmed and approved.

---

Board Action on: \_\_\_\_\_  
Motion by: \_\_\_\_\_  
Second by: \_\_\_\_\_  
Vote: Yeas: \_\_\_\_\_ Nays: \_\_\_\_\_

---

Postpone: \_\_\_\_\_  
Amend: \_\_\_\_\_  
Disapprove: \_\_\_\_\_  
Approve: \_\_\_\_\_

ATTEST: Board Action, December 16, 2017

---

Secretary/Chairperson

Supplemental Information  
Board of Trustees  
Illinois State University  
Auxiliary Facilities System Revenue Bonds, Series 2018

The Auxiliary Facilities System (the “AFS”) at Illinois State University is comprised of facilities that either (i) were constructed with proceeds from revenue bonds issued within the authority delegated by the State to the Board, or (ii) now produce revenues that are used to operate and maintain AFS facilities. All revenues received in conjunction with the operation of the AFS facilities are pledged towards the payment of outstanding revenue bonds and the operation and maintenance of the facilities.

The Board has previously issued Auxiliary Facilities System Revenue Bonds in the amount of \$30,635,000 on March 13, 2008 (the “Series 2008 Bonds”) for the completion of various construction projects on campus, namely the building of the Student Recreation Center. The Series 2008 Bonds currently have a range of interest rates from 4.00% to 5.00%, depending on the maturity date, with an optional redemption at par on April 1, 2018. The Series 2008 Bonds have an outstanding principal balance of \$24,145,000 until the next scheduled principal payment on April 1, 2018.

The University entered into a Public-Private partnership in 2011 with Collegiate Housing Foundation to construct the Cardinal Court residence hall complexes (the “Project”) as part of the Long-Range Housing and Dining Plan. The financing of the Project was completed by the issuance of \$59,610,000 of Student Housing Revenue Bonds (CHF-Normal, L.L.C. – Illinois State University Project) Series 2011 by the Illinois Finance Authority on February 23, 2011 (the “IFA Bonds”). The Board is authorizing on the date hereof pursuant to the Twelfth Supplemental System Bond Resolution the issuance of not to exceed \$60,000,000 of its Auxiliary Facilities System Revenue Bonds, Series 2017 (the “Series 2017 Bonds”) to advance refund the IFA Bonds in order to acquire the Project.

The Series 2017 Bonds are expected to be refunded in early 2018, assuming favorable interest rates at that time.

Based on current interest rate estimates, Series 2018 Bonds can be issued to refund all or a portion of the Series 2008 Bonds and the Series 2017 Bonds, with a true interest cost up to a maximum rate of 5.25% depending on year of maturity. This would provide total cashflow savings of at least \$13 million over the life of the Series 2018 Bonds, even after accounting for issuance costs and negative arbitrage. If interest rates remain stable around the prevailing market rates of about 4.00%, the total cash flow savings is estimated to be at least \$24 million over the remaining life of the Series 2018 Bonds, between 20 to 25 years.

To further increase savings of the debt refundings, the Board intends to supplement the proceeds of the Series 2018 Bonds with surplus revenues of the System in an amount not to exceed \$16 million, less the amount of such surplus that is used to supplement the proceeds of the Series 2017 Bonds for the acquisition of the Project. This is also expected to reduce the final maturity date of the Series 2018 Bonds by one to three years and expand the University’s future debt capacity.

The University’s estimated pro forma annual debt service will be approximately \$16 million of which \$11 million is for AFS bonds and \$5 million is for COPs debt. The total principal amount of University’s long-term debt will be approximately \$170 million of which \$120 million is for AFS bonds and \$50 million COPs debt.