

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
SOUTHERN ILLINOIS UNIVERSITY
JUNE 10, 2010

Pursuant to notice, a special meeting was called by the Chair of the Board of Trustees of Southern Illinois University for the sole purpose to review and take action related to the Authorization for the Sale of Notes: "Revenue Anticipation Notes." The meeting convened at 1:35 p.m., Thursday, June 10, 2010, in the Special Events Room, 1st Floor, Birger Hall, Southern Illinois University Edwardsville, Edwardsville, Illinois. The meeting was called to order by Chair Tedrick. The following members of the Board were physically present:

Mr. Roger Tedrick, Chair
Dr. Ed Hightower, Vice-Chair
Mr. John Simmons, Secretary
Ms. Amber Suggs
Mr. Stephen Wigginton
Ms. Marquita Wiley

The following members were absent:

Mr. Nate Brown
Dr. Keith Sanders

Also physically present for the duration of the meeting were: Dr. Glenn Poshard, President; Dr. Vaughn Vandegrift, Chancellor, SIUE; Dr. Duane Stucky, Senior Vice President for Financial and Administrative Affairs and Board Treasurer; Mr. Jerry Blakemore, Vice President and General Counsel; Mr. David Gross, Executive Director of Governmental and Public Affairs; and Ms. Misty Whittington, Executive Secretary of the Board.

The Secretary reported and the Chair determined that a quorum was physically present.

There were no objections from members present for Trustee Frank William Bonan II to participate in the meeting via teleconference, and he did so.

President Poshard commented that when he met with Mike Barnett in the Illinois Comptroller's Office, Mr. Barnett had effusive praise for staff members Dr. Duane Stucky, Mr. David Gross, and Ms. Tina Galik, for bringing the legislation to fruition.

Vice President Stucky thanked the President for his leadership in communicating the importance and need of such legislation for short-term borrowing for universities. Dr. Stucky noted that in other legislation, the state extended the lapse period to December 31 for FY10 funds. Under the Borrowing Bill, he reviewed that universities could borrow funds within 90 days that the legislation was signed. He went on to say that the legislation authorized universities to borrow up to 75 percent of what was owed by the state. For Southern Illinois University, that meant it had authority to borrow up to \$80 million to date. Dr. Stucky reported that the University was targeting \$75 million to borrow. He stated that if the Board approved the matter before it, he and his staff would be meeting with Standard and Poor's the following week. He reviewed interest rates expected to receive for the sale. He also reviewed the upper limit of Barclays' fee to cost approximately \$150,000. He anticipated the note

sale would be underway by early July and stated the borrowing was needed to meet the July payroll.

The following item was presented:

AUTHORIZATION FOR THE SALE OF NOTES:
“REVENUE ANTICIPATION NOTES”

Summary

This matter requests Board authorization to issue Revenue Anticipation Notes to be applied for the purposes of paying salaries and other expenses lawfully authorized in the University’s State appropriation; authorize the distribution of the Preliminary and Final Official Statement; execute and deliver the Revenue Anticipation Note Resolution, Note Purchase Agreement, and Continuing Disclosure Agreement; select the following: Note Counsel, Managing Underwriter, Financial Advisor, Registrar and Paying Agent; and authorize the Board Treasurer and authorized officers to take actions necessary to complete the proposed note sale.

Rationale for Adoption

The Board of Trustees of Southern Illinois University, pursuant to Section 8 of the Southern Illinois University Management Act, the “Act”, may borrow money from time to time in anticipation of receiving tuition, payments from the State of Illinois, or other revenues or receipts of the University; provided that the money shall be repaid within one year after issuance of the hereinafter defined Notes and the amount borrowed shall not exceed 75% of the total amount of payroll and other expense vouchers submitted and payable to the University for Fiscal Year 2010 expenses but unpaid at the Comptroller’s Office on the date that is not prior to 45 days before the estimated date for executing the hereinafter defined Notes.

As of June 4, 2010, the State of Illinois owes Southern Illinois University over \$106,000,000 of fiscal year 2010 operating appropriations. As a result, the University anticipates that there may be insufficient funds on hand and available to pay the necessary expenses of the University; therefore it is advisable, necessary and in the best interest of the University that the Board borrow money, in accordance with the requirements of the Southern Illinois University Management Act as needed to meet the necessary expenses of the University and to pay costs of issuance.

The Revenue Anticipation Notes of the Board shall be issued, as may be determined to be advisable and in the best interest to the University by the Board Treasurer. The Notes shall not be issued in the aggregate principal amount to exceed \$85,000,000 and to have a final maturity later than one year from date of issuance. The obligation to make the payments due under the Notes shall be a lawful obligation of the Board payable solely from pledged revenues.

Considerations Against Adoption

University officers are aware of none.

Constituency Involvement

Not Applicable

Resolution

BE IT RESOLVED, By the Board of Trustees of Southern Illinois University in regular meeting assembled, That:

(1) It is hereby determined that it is necessary and in the best interest of the University that the Board of Trustees of Southern Illinois University (the "Board") authorize the issuance of Revenue Anticipation Notes which shall provide for payment of the necessary expenses of the University.

(2) Pursuant to the University's existing contract, the firm of Chapman and Cutler, LLP, Chicago, Illinois, be and is hereby retained as Note Counsel to the Board for all legal matters incidental to the authorization and issuance of the Notes.

(3) Pursuant to the University's existing agreement, the firm of Barclays Capital, Incorporated, New York, New York, be and is hereby retained as Managing Underwriter for the issuance of the Notes, with fees for such services contingent upon the actual sale of the Notes. The Treasurer is hereby authorized to retain such other co-managing underwriters as he deems to be in the best interest of the Board.

(4) Pursuant to the University's existing contract, the firm of John S. Vincent and Company LLC, Chicago, Illinois, be and is hereby retained as Financial Advisor for the preparation of the Preliminary and Final Official Statement and other matters related to the sale.

(5) U.S. Bank National Association, Chicago, Illinois, be and is hereby authorized to serve as Registrar and Paying Agent for the Notes.

(6) The Board Treasurer is hereby authorized to enter into a Note Purchase Agreement with Barclays Capital, Incorporated, as representative of the Underwriters, for the sale of the Notes, in substantially the form which is before the Board at this meeting for an underwriter's discount not to exceed 2% of the amount of such Series.¹

(7) The Board approves the preparation, execution, and distribution of a Preliminary Official Statement, Official Statement, and Continuing Disclosure Agreement, each in substantially the forms which are before the Board at this meeting, as prepared by the Financial Advisor and as shall be approved by the Underwriter, Note Counsel and Board Treasurer.¹

(8) The Board approves the preparation, execution, and distribution of a Revenue Anticipation Resolution, in substantially the form which is before the Board at this meeting, as prepared by the Note Counsel and approved by Board Treasurer.¹

(9) There shall be borrowed for and on behalf of the Board the sum of not to exceed \$85,000,000 plus an amount equal to the amount of any original issue discount or premium used in the marketing of the Notes for the purposes aforesaid; the Notes shall be issued, as may be determined by the Board Treasurer, with such additions or modifications as shall be determined to be necessary by the Board Treasurer at the time of the sale to reflect the purpose of the issue, or whether the Notes are Taxable or Tax-Exempt. No Note shall be dated later than the date set forth in the Act, nor have a final maturity later than one year from date of issuance. The Notes shall bear interest at a rate or rates percent per annum not to exceed the lesser of (i)(a) if the Notes are issued as Tax Exempt Notes, 6% per annum, or (b) if the Notes are issued as Taxable Notes, 9% per annum, and (ii) the amount permitted by applicable law, all as provided in the Note Order.

(10) In the event that the Managing Underwriter determines that the acquisition of note insurance is economical, the Treasurer is hereby authorized to agree to such standard covenants, which are deemed by the Treasurer to be in the best interest of the Board, with an insurer.

(11) The members, officers, agents and employees of this 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 these resolutions and with the acts and doings of the members, officers, agents, and employees of the Board which are in conformity with the intent and purposes of these Resolutions, whether heretofore or hereafter taken or done, shall be and are ratified, confirmed and approved.

Trustee Hightower moved the approval of the resolution. The motion was duly seconded by Trustee Simmons. The motion carried by the following recorded vote: Aye, Mr. Frank William Bonan II, Dr. Ed Hightower, Mr. John Simmons, Ms. Amber Suggs, Mr. Roger Tedrick, Mr. Steve Wigginton, Ms. Marquita Wiley; nay, none.

The meeting adjourned at 1:43 p.m.

Misty Whittington, Executive Secretary

¹ Copies are on file with the Executive Secretary of the Board of Trustees for recording 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/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 within the parameters set forth in these Resolutions.