

Minutes of the Meeting of the  
Board of Trustees

Western Illinois University

January 26, 2006

The meeting of the Board of Trustees of Western Illinois University convened via telephone conference call at 1:00 P.M. in the President's Conference Room, Sherman Hall, on the campus of Western Illinois University – Macomb. Trustee J. Michael Houston, Chair, presided.

The following trustees were present to answer roll call:

Trustee Carolyn J. Ehlert  
Trustee William L. Epperly  
Trustee Lorraine Epperson  
Trustee George J. Guzzardo  
Trustee J. Michael Houston  
Trustee Christopher M. Thomas

Also present for the meeting of the Board of Trustees:

President Alvin Goldfarb  
Legal Counsel Bruce J. Biagini  
Board Treasurer and Vice President for Administrative Services Jacqueline K. Thompson  
Administrative Assistant to the Board Kerry L. Yadgar  
Provost and Academic Vice President Joseph C. Rallo  
Vice President for Student Services W. Garry Johnson  
Vice President for Advancement and Public Services Daniel L. Hendricks  
Associate Vice President for Student Services Al Harris  
Assistant Director of Residential Facilities Sue Collins  
Director of the Donald S. Spencer Student Recreation Center Milly MacDonell  
Bond Counsel, Mr. Johns S. Vincent of John S. Vincent and Company

**ACTION ITEMS**

Trustee Houston asked for a motion to approve Resolution No. 06.1/1: Lincoln and Washington Residence Halls Elevator Upgrade.

Trustee Guzzardo moved for approval with second provided by Trustee Epperson.

Trustee Houston stated basically this is an upgrade to elevator systems. Bids have been received and the total cost is \$933,419.73, which includes a contingency of approximately \$38,500. The recommended vendors are: Trotter General Contracting, Inc. of Macomb; Schaefer Electric, Inc. of Peoria; and, Johnson Contracting Company, Inc. of E. Moline for the ventilation.

There was no further discussion.

Roll Call

Trustee Epperly	Yes
Trustee Epperson	Yes
Trustee Guzzardo	Yes
Trustee Houston	Yes
Trustee Thomas	Yes
Trustee Ehlert	Yes

Motion carried. The following resolution was approved.

**Resolution No. 06.1/1: Lincoln and Washington Residence Halls Elevator Upgrade**

**WHEREAS** Western Illinois University has a need to upgrade elevators in Lincoln and Washington residence halls; and,

**WHEREAS** the above mentioned project has been administered in accordance with the Illinois Procurement Code and all other pertinent statutes and rules:

**THEREFORE** be it resolved that the Board of Trustees approves contracting for the upgrading of elevators in Lincoln and Washington halls from the selected firms as presented.

**Resolution No. 06.1/1  
Lincoln and Washington Residence Halls Elevator Upgrade**

ITEM DESCRIPTION:	The labor, materials, and equipment needed to upgrade elevators in Lincoln and Washington Residence Halls. Each hall has two elevators. The elevators are original to the building and need to be replaced due to aging and obsolete equipment components which have become difficult to maintain.
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COST:	\$894,971.00
	<u>38,448.73</u> contingency
	\$933,419.73

**ACTION ITEMS (CONTINUED)**

**Resolution No. 06.1/1: Lincoln and Washington Residence Halls Elevator Upgrade (Continued)**

**Resolution No. 06.1/1  
Lincoln and Washington Residence Halls Elevator Upgrade (Continued)**

RECOMMENDED VENDOR: Trotter General Contracting, Inc.; Macomb, IL – General  
Schaefer Electric, Inc.; Peoria, IL – Electrical  
Johnson Contracting Co., Inc.; E. Moline, IL -  
Ventilation

FUND SOURCE: Local

SUMMARY OF BIDS:

General Contractor		
Trotter General Contracting; Macomb, IL	\$868,311.00	
Housewright Contracting; LaHarpe, IL	\$937,923.00	
Electrical Contractor		
Schaefer Electrical Contractors; Peoria, IL	\$ 14,310.00	
Ventilation Contractor		
Johnson Contracting Co., Inc.; E. Moline, IL	\$ 12,350.00	
Vinson & Sill, Inc.; Lima, IL	\$ 12,980.00	
Frank Millard Co.; Burlington, IA	\$ 13,580.00	

Four companies did not bid, and four companies did not reply.

**Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution**

Trustee Houston asked for a motion to approve Resolution No. 06.1/2: Seventh Supplemental Bond Resolution.

Trustee Ehlert moved for approval with second provided by Trustee Epperson.

Trustee Houston explained that the resolution would allow for a competitive public sale of bonds not to exceed \$17 million. The action will involve funds for both the sprinkler systems in residence halls following the plan that has been put in place for that project, with \$2 million being used for the expansion of the Donald S. Spencer Student Recreation Center. The balance of the funds, approximately \$8.5 million, would go to refund the bonds that we had previously issued. He asked for further comments or discussion.

John Vincent noted that the bonds subject for the refunding are the series 1999 bonds. We are borrowing approximately \$8 million to accomplish that purpose.

Trustee Houston asked about the amount of savings we can anticipate on the refinancing.

**ACTION ITEMS (CONTINUED)**

**Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution (Continued)**

Mr. Vincent replied that the first analysis was run as of January 10 and we anticipated about \$389,000 in future value savings, net of costs. The market changes day-to-day and the estimate right now in terms of the savings would be more in the vicinity of \$300,000 on a present value basis. Gross basis would be between \$300,000 and \$325,000. The market has been good, it is just that in the past couple of days treasuries have sold off because of the large auction that the U.S. Treasury is doing right now. We still have a couple of more weeks until we get to our sale. Even at the current level, it is still a very good percentage savings for this type of financing.

Trustee Houston asked what type of interest rate we anticipate receiving on the refunding in comparison to what we are paying right now.

Mr. Vincent noted that at the very long end, at 2024, the bonds that are outstanding have a 5.30 coupon. We are looking at about a 4.50 rate on the new bonds, or a savings of about 80 basis points. We have more savings in the early part of the maturity structure. For example, in 2010 through 2016 we have a 5.20 rate outstanding. In that range, we would be 3.60 up to 4.00 percent with a savings of 100 to 150 basis points. There is still definitely an advantage to moving ahead with this.

Trustee Houston asked about where they are anticipating the costs of the new bonds in terms of overall interest rates.

Mr. Vincent replied that the bond issue as a whole, on the overall nonarbitrage bond yield, we would project between 4.30 and 4.40—that would be for the combined issue as a whole, both the refunding and the new money. The new money separated out is a little longer. A ballpark would be in the 4.40 to 4.50 range in terms of a yield. We are still in a very favorable time period for the issuance of long-term bonds. There has not been that many times in our recent history that we have been able to issue long-term bonds at a rate of under 5.00 percent.

Trustee Houston noted in terms of the refunding, we are not extending the life of the bonds. We are dealing with the same life as the bonds that currently exist.

Mr. Vincent stated that is correct; we are not extending the life of the bonds.

Trustee Epperly asked if we are getting to a level of indenture at which this action would jeopardize the institution's credit rating.

Mr. Vincent stated that the institution went through a process with the rating agencies just like we did a year or so ago. We were able to maintain a favorable A2 rating with Moody and maintain our A- rating with S&P. From their perspective, we are still in a strong position.

Trustee Houston asked if we are buying bond insurance on this issue.

Mr. Vincent replied that we prequalified the issue for bond insurance. Since it is a competitive sale, we are leaving the use up to the bidding underwriter. For most intents and purposes, they will use the bond insurance and the bonds will most likely be sold as insured. It is at the option of the purchaser whether to use the bond insurance or whether to sell the bonds with their underlying ratings.

**ACTION ITEMS (CONTINUED)**

**Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution (Continued)**

There was no further discussion.

Roll Call

Trustee Epperson	Yes
Trustee Guzzardo	Yes
Trustee Houston	Yes
Trustee Thomas	Yes
Trustee Ehlert	Yes
Trustee Epperly	Yes

Motion carried. The following resolution was approved.

**Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution**

**WHEREAS** the Board of Trustees, in conjunction with a financial advisor and bond counsel, has developed a plan for the sale of auxiliary facilities system revenue bonds; and,

**WHEREAS** such plan would authorize the issuance of such auxiliary facilities system revenue bonds to finance all or a portion of the costs of the installation of fire sprinkler systems in residence hall facilities and graduate and family apartments and construction of an expansion to the Donald S. Spencer Student Recreation Center, capitalized interest and costs of issuance and to refund all or a portion of the outstanding Auxiliary Facilities System Revenue Bonds, Series 1999, subject to certain limitations as hereinafter provided; and,

**WHEREAS** this plan would be beneficial to the students of Western Illinois University and the Auxiliary Facilities System:

**THEREFORE** be it resolved that the Board of Trustees approves, authorizes, and directs the following actions with respect to the issuance of the Board of Trustees of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2006.

**Resolution No. 06.1/2  
Seventh Supplemental System Bond Resolution**

- It is hereby determined to be desirable that the Board of Trustees of Western Illinois University (the “Board”) authorize issuance of its Auxiliary Facilities System Revenue Bonds, Series 2006 (the “Bonds”) to finance all or a portion of the costs of the installation of fire sprinkler systems in residence hall facilities and graduate and family apartments and construction of an expansion to the Donald S. Spencer Student Recreation Center, capitalized interest and costs of issuance. It is also hereby determined to be desirable that the Board refund all or a portion of the outstanding Auxiliary Facilities System Revenue Bonds, Series 1999 (the “Refunded Bonds”) if the refunding generates at least \$150,000 of

**ACTION ITEMS (CONTINUED)**

**Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution (Continued)**

**Resolution No. 06.1/2  
Seventh Supplemental System Bond Resolution (Continued)**

present value savings (discounted at 4.00%), after taking into account all costs associated with the refunding and the issuance of the Bonds, and the Treasurer of the Board determines that such refunding is in the best interests of the Board.

- La Salle Bank National Association, Chicago, Illinois, is hereby authorized to continue to serve as Bond Registrar and Paying Agent for the Bonds and as Escrow Agent for the Refunded Bonds.
- The Board approves a competitive public sale of the Bonds, subject to the following conditions: (a) the Bonds to be issued shall not exceed an aggregate principal amount of \$17,000,000 (net of original issued discount or premium, if any); (b) the Bonds will have a final maturity of no later than April 1, 2027; (c) the price at which the Bonds will be sold will not be less than 97% of the par amount thereof; and (d) the Bonds have a true interest cost of borrowing not to exceed 5.50%.
- The Board approves the preparation and distribution of a Preliminary Official Statement, Official Statement, Official Notice of Sale and Official Bid Form in connection with of the sale of the Bonds. The Board approves the form of such documents, copies of which are on file with the Secretary of the Board for recording. The appropriate officer of the Board is hereby authorized and directed to execute the Official Statement and the Official Bid Form 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 of the Board executing the same, his/her execution thereof to constitute conclusive evidence of the Board's approval of all changes from the forms thereof presented to this meeting.
- The Board approves the forms of the Seventh Supplemental System Revenue Bond Resolution, Escrow Agreement and Continuing Disclosure Agreement. Copies of such documents are on file with the Secretary of the Board for recording. The appropriate officers of the Board 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.
- If required by the successful bidder for the Bonds, the Board agrees to comply with the terms and provisions of bond insurance for the Bonds, if such terms are approved by the Treasurer of the Board.

#### **ACTION ITEMS (CONTINUED)**

#### **Resolution No. 06.1/2: Seventh Supplemental System Bond Resolution (Continued)**

#### **Resolution No. 06.1/2 Seventh Supplemental System Bond Resolution (Continued)**

- The Treasurer 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.

**Resolution No. 06.1/3: Installation of Fire Sprinkling System and Expansion of Donald S. Spencer Student Recreation Center**

Trustee Houston asked for a motion to approve Resolution No. 06.1/3: Installation of Fire Sprinkling System and Expansion of Donald S. Spencer Student Recreation Center.

Trustee Epperly moved to approve with second provided by Trustee Ehlert.

Trustee Guzzardo asked if the students are in favor of the expansion of the recreation center.

Trustee Thomas reported that the Student Government Association voted to support the expansion.

Trustee Guzzardo asked if any of the money is coming from student fees. The money is coming from bonds, etc., right?

Vice President Johnson noted that \$2 million is coming from the Life Safety and Facilities Enhancement Fee monies and another \$2 million from the AFS Reserve fund. There is no additional fee increase to the students for the expansion.

Trustee Guzzardo requested that next time something of this nature is brought before the Board, even though they are funded by the same place, these are two separate items and we should look at them as two separate items. It is not necessary this time to break them into two items, but in the future it would be helpful to the Board to have them separate.

Trustee Thomas stated that if anyone needed more in-depth information about what the student response had been to the expansion, SGA President Bridget Early is present and could possibly add something.

Trustee Guzzardo stated that if SGA voted in favor of the expansion, then that is adequate for his support.

**ACTION ITEMS (CONTINUED)**

**Resolution No. 06.1/3: Installation of Fire Sprinkling System and Expansion of Donald S. Spencer Student Recreation Center (Continued)**

Roll Call

Trustee Guzzardo	Yes
Trustee Houston	Yes
Trustee Thomas	Yes
Trustee Ehlert	Yes

Trustee Epperly            Yes  
Trustee Epperson        Yes

Motion carried. The following resolution was approved.

**Resolution No. 06.1/3: Installation of Fire Sprinkling System and Expansion of Donald S. Spencer Student Recreation Center**

**WHEREAS** Western Illinois University has identified the need to install Fire Sprinkling in the Bayliss/Henninger, Lincoln/Washington, and Corbin/Olson Residence Halls; and,

**WHEREAS** Western Illinois University has identified the need to expand the Donald S. Spencer Student Recreation Center; and,

**WHEREAS** the University will finance the installation and construction costs with a combination of Facilities Enhancement and Life Safety Fees, Auxiliary Facilities System Revenue Bond proceeds, and existing Auxiliary Facilities System funds:

**THEREFORE** be it resolved that the Board of Trustees approves the installation of fire sprinkling for Bayliss/Henninger, Lincoln/Washington and Corbin/Olson Residence Halls, and the expansion of the Donald S. Spencer Student Recreation Center.

**Resolution No. 06.1/3  
Installation of Fire Sprinkling System  
and Expansion of Donald S. Spencer Student Recreation Center**

**Fire Sprinkling (\$5,000,000)**

The first phase of installation of fire sprinkling system in the Residence Halls and Graduate and Family Housing. This project is in accordance with Illinois House Bill #4361 (Fire Sprinkling Dormitory Act). The first phase will include Bayliss/Henninger, Lincoln/Washington, and Corbin/Olson residence halls.

**Donald S. Spencer Student Recreation Center Expansion (\$2,000,000)**

Construction of an addition to the current Student Recreation Center. This expansion will allow us to address the need for additional court space, greatly expand the weight room and cardiovascular area, expand the walking/running track, and add some quality areas for group activities. Adding air conditioning to the Donald S. Spencer Student Recreation Center will be a consideration as part of this project.

**ADJOURN**

President Goldfarb reminded everyone that today at 4:00 – 6:00 P.M. we are having a retirement reception for Dr. Charles Gilbert. We want to wish him well. I believe this is his last Board meeting, unless we schedule another one in the next couple of days. We want as many people as possible there to wish him well.

There being no further business to come before the Board, a motion was made and duly processed to adjourn the meeting at 1:12 P.M.

J. Michael Houston, Chair



William L. Epperly, Secretary  
Kerry L. Yadgar, Administrative Assistant to the Board

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