

## AGENDA ITEM 7.

### IDAPP RENEWAL OF LIQUIDITY FACILITIES

**Submitted for:** Action

**Summary:** This item relates to the Commission's outstanding Demand Notes. Certain actions are being requested at this meeting with regard to the two outstanding Demand Notes – tax-exempt Student Loan Revenue Note BB in the principal amount of \$35,294,000, maturing on October 1, 2005; and taxable Student Loan Revenue Note EE in the amount of \$65,000,000, maturing on June 30, 2029. While both of these issues have final maturity dates that are beyond the next fiscal year, each is secured by one-year liquidity facilities from one or more Illinois banks. These liquidity facilities require reauthorization each year. The Commission also needs to consider authorizing the extension of the opportunity to enter into liquidity facilities with additional banks.

**Action requested:** That the Commission approve the following resolution:

**"BE IT RESOLVED** by the Illinois Student Assistance Commission as follows:

1. The Chairman and the Executive Director are hereby authorized and directed to execute and deliver new Note Purchase Agreements (including amendments to expiring agreements) related to the outstanding Student Loan Revenue Notes to renew the agreements expiring during 2004 and to replace any agreements that are not renewed. The new Note Purchase Agreements shall be in substantially the forms of the existing Note Purchase Agreements, with such changes, revisions, deletions and insertions as said Chairman and Executive Director deem advisable and necessary. The execution of such documents by said officials shall constitute conclusive evidence of their approval and the approval of the Commission of such changes, revisions, deletions and insertions. Such agreements shall be entered into with the existing liquidity facility providers or such other liquidity facility providers designated by the Chairman, or at his direction the Executive Director and the Director of IDAPP.
2. In instances where a lender no longer uses the Commission's secondary market program, the amount of such lender's liquidity facility may be offered to one or more lenders which have supported the guaranteed loan programs in the past and are interested in expanding their liquidity facility commitment or becoming a liquidity facility provider.
3. The Chairman, or at his direction the Executive Director and Director of IDAPP, are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to implement this Resolution, and all of the acts and doings of such officials which are in conformity with this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified."

**ILLINOIS STUDENT ASSISTANCE COMMISSION**

**IDAPP RENEWAL OF LIQUIDITY FACILITIES**

The Commission has two outstanding Demand Student Loan Revenue Notes which are privately placed with Morgan Guaranty Trust Company:

Demand Note BB in the amount of \$35,294,000 and Demand Note EE in the amount of \$65,000,000.

Since the liquidity facilities which are required by Morgan Guaranty must be renewed each year, the Commission is being asked to renew the liquidity facilities at this time and to replace any agreements that are not renewed. Although the banks listed below provide the current liquidity facilities, the Commission may enter into new Note Purchase Agreements with other liquidity facility providers as provided in the attached resolution.

**THE \$35,294,000 DEMAND NOTE SERIES BB**

The Demand Note Series BB/Line of Credit financing which is in place at this time totals \$35,294,000.

**Current Liquidity Facilities**

Bank of America	\$ 4,500,000
Bank One	23,550,000
The Northern Trust Company	7,000,000
Heartland Bank and Trust Company	<u>244,000</u>
<b>TOTAL</b>	<b>\$35,294,000</b>

**Brief Description of the Document to be Approved**

Note Purchase Agreement - The Note Purchase Agreement sets forth the terms and conditions pursuant to which the liquidity facility banks agree to purchase the Commission's student loan revenue note from the owner thereof (Morgan Guaranty Trust Company) if the owner decides to no longer own the note. This liquidity permits the Commission to receive the lowest possible interest rate on the note from the owner.

**THE \$65,000,000 DEMAND STUDENT LOAN REVENUE NOTE SERIES EE**

The Demand Student Loan Revenue Note Series EE/Liquidity Facility which is in place at this time totals \$65,000,000.

Since the liquidity facility which is required by Morgan Guaranty must be renewed each year, the Commission is being asked to renew the liquidity facility at this time and to replace any agreements that are not renewed. Although Bank One provides the current liquidity facility, the Commission may enter into a Note Purchase Agreement with other liquidity facility providers as provided in the attached resolution.

