

AGENDA ITEM 5.

**OPTIONAL CALL WITH RESPECT TO CERTAIN OUTSTANDING STUDENT LOAN
REVENUE BONDS OF THE COMMISSION, ISSUED PURSUANT TO A RESOLUTION
ADOPTED BY THE COMMISSION ON FEBRUARY 21, 1978**

Submitted for: Action

Summary: Staff has taken the preliminary steps necessary to provide for the optional redemption of certain of the Commission's outstanding student loan revenue bonds issued under the Commission's Resolution authorizing the issue of student loan revenue bonds, adopted February 21, 1978.

Action requested: That the Commission approve the following resolution:

"BE IT RESOLVED that the Illinois Student Assistance Commission hereby makes the provision for the payment of and does hereby call by optional redemption the Commission's outstanding Student Loan Revenue Bonds, Series J, Series L, and Series M (collectively, the "Bonds") on their earliest possible optional redemption dates, and the Commission hereby authorizes the execution and delivery of notices and other necessary agreements and actions in connection therewith."

"BE IT FURTHER RESOLVED that the Commission hereby delegates the ability to take certain actions and to make certain determinations necessary to effectuate the optional redemption of the Bonds to the Chairman of the Commission or, if so designated in writing by said Chairman with respect to any or all of the actions or determinations described herein, the Executive Director of the Commission."

ILLINOIS STUDENT ASSISTANCE COMMISSION

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Background

The Commission has outstanding under its 1978 Resolution certain of its Student Loan Revenue Bonds, Series J, Series L, and Series M (collectively, the "Bonds"). The Bonds, which were issued in 1989, 1991, and 1992, respectively, bear fixed rates of interest ranging from 6.375% to 7.400%. Such rates are high relative to prevailing rates for similar Bonds in today's historically low interest rate environment. The Bonds total \$42,110,000.00 and are currently subject to optional redemption – meaning that the Commission has the ability to pay-off such Bonds prior to maturity at the discretion of the Commission. Staff recommends the Commission call the Bonds in order to achieve savings for the Commission.

Resolution to be Approved

See Action Requested under Agenda Item 5 for the resolution authorizing and directing the call of the Bonds on their earliest possible redemption dates.

Timing of Proceedings

Based on the ability to achieve savings for the Commission, staff is seeking authority to effectuate the call of the Bonds as expeditiously as possible.

In Summary

Staff is confident that the call of the Bonds can be concluded on a timely basis, and believes that it is sound business practice to proceed with the approval of such action at the time of the January 31, 2003 meeting.