

AGENDA ITEM 9.

**2012 COMMISSION DETERMINATION RELATED TO
STUDENT LOAN REVENUE BONDS, SERIES 2009 (STATE GUARANTEED)**

Submitted for: Action

Summary: **Background:** On May 28, 2009, the Illinois Student Assistance Commission (the “**Commission**”) issued its \$50,000,000 Student Loan Revenue Bonds, Series 2009 (State Guaranteed) (the “**Bonds**”) pursuant to an Indenture of Trust, dated as of May 15, 2009 (as amended and supplemented from time to time in accordance with its terms, the “**Indenture**”), between the Commission and Wells Fargo Bank, National Association, as Trustee (the “**Trustee**”). All capitalized terms not otherwise defined herein shall have the respective meanings given to such terms in the Indenture.

To enhance the marketability, the Indenture requires a 4% debt service reserve that was funded from proceeds of the Bonds and Commission monies. In addition, pursuant to Section 150 of the Higher Education Student Assistance Act 110 ILCS 947 (the “**Act**”), the State of Illinois secured the Bonds with a full faith and credit general obligation guaranty. As additional security, the payment of debt service on the Bonds was also secured by a bond insurance policy issued by Assured Guaranty. Section 150 of the Act allows the Commission to secure the payment of the bonds and the interest thereon through various actions such as the ones mentioned above and/or pledging the receipts/revenue of the student loans.

Applicable Provisions of the Indenture: Section 6.10 of the Indenture requires the Commission to determine, on an annual basis at its January meeting (referred to as the Annual Determination Meeting under the Indenture), whether amounts pledged pursuant to Section 150 of the Act are sufficient to pay the principal of, premium, if any, and interest on the Bonds during the upcoming Fiscal Year. The meeting of the Commission being held today is the Annual Determination Meeting during the Fiscal Year ending June 30, 2012 and the determination is being made for payments to be made during Fiscal Year 2013.

Financial Information as of 12/31/11:

Debt Service Reserve Balance	\$2,000,000.00
Interest Account Balance	\$1,575,000.00
Repayment Fund Balance	\$5,680,373.91
Loan Fund Balance	\$3,468,039.47
FY12 collections (6 months)	\$3,209,175.97
Average monthly collection	\$ 534,862.66

Other Information:

Interest payment due 5/1/12	\$ 787,500.00
Interest payment due 11/1/12	\$ 787,500.00
Interest payment due 5/1/13	\$ 787,500.00
Total Interest due FY13	\$1,575,000.00
Total interest due from 1/27/12 to 6/30/13	\$2,362,500.00

There are no principal payments due for the remainder of FY12 or the entire FY13.

The current balance in the repayment fund is more than sufficient to pay the interest due between January 27, 2012 and June 30, 2013. There will be no need to use funds from the debt service fund or the interest account.

The average monthly collections needed to pay the interest due between January 27, 2012 through June 30, 2013 is \$131,250. This is approximately 25% of the current average monthly collections.

The loans in the portfolio are FFELP. If they default we will receive payment from the guarantor.

2012 Commission Determination: Pursuant to Section 6.10 of the Indenture, the Commission hereby determines that:

1. as of the date hereof the amount on deposit in the Debt Service Reserve Fund (\$2,000,000.00) equals the current Debt Service Reserve Fund Requirement; the Commission expects that the Revenues on deposit in the Repayment Fund, together with the Revenues expected to be deposited in the Repayment Fund on or before May 1, 2012, will be sufficient to make all deposits required to be made to the Interest Account and the Principal Account on or before May 1, 2012, without the need for any transfers from the Debt Service Reserve Fund;
2. the Commission expects that the Revenues on deposit in the Repayment Fund as of July 1, 2012, together with the Revenues expected to be deposited in the Repayment Fund on or before June 30, 2013, will be sufficient to make all deposits required to be made to the Interest Account and the Principal Account on or before June 30, 2013, without the need for any transfers from the Debt Service Reserve Fund; and
3. the Commission expects that the amount on deposit in the Debt Service Reserve Fund as of July 1, 2012, will be sufficient, if needed, for the payment of all interest due on the Bonds during the Fiscal Year commencing July 1, 2012.

Based on the above, together with its consideration of amounts in the Loan Fund available to pay principal of and interest on the Bonds, the Commission has determined that the amounts pledged pursuant to Section 150 of the Act to pay the principal of, premium, if any, and interest on the Bonds will be sufficient for the payment of amounts due with respect to the Bonds during the Fiscal Year commencing July 1, 2012.

Action requested:

That the Commission approve the following resolution:

“BE IT RESOLVED, that the “Commission Determination Required by Section 6.10 of the Indenture of Trust Relating to the Commission’s Student Loan Revenue Bonds, Series 2009 (State Guaranteed)” attached hereto as **Exhibit A** (the “**2012 Commission Determination**”) evidences the Illinois Student Assistance Commission (the “**Commission**”) determinations for Fiscal Year 2012 and Fiscal Year 2013 as required by Section 6.10 of the Indenture.”

“BE IT FURTHER RESOLVED that the Commission authorizes the Chairman to execute and deliver the 2012 Commission Determination on behalf of the Commission.”

ILLINOIS STUDENT ASSISTANCE COMMISSION

COMMISSION DETERMINATION
REQUIRED BY SECTION 6.10 OF THE INDENTURE OF TRUST
RELATING TO THE COMMISSION'S STUDENT LOAN REVENUE BONDS, SERIES
2009 (STATE GUARANTEED)

This Commission Determination is made pursuant to the requirements of Section 6.10 of the Indenture of Trust, dated as of May 15, 2009 (as amended and supplemented from time to time in accordance with its terms, the "*Indenture*"), between Illinois Student Assistance Commission (the "*Commission*") and Wells Fargo Bank, National Association, as Trustee (the "*Trustee*"). Pursuant to the Indenture, the Commission issued its \$50,000,000 Student Loan Revenue Bonds, Series 2009 (State Guaranteed) (the "*Bonds*") on May 28, 2009. All capitalized terms used in this Commission Determination and not otherwise defined herein shall have the respective meanings given to such terms in the Indenture.

Section 6.10 of the Indenture provides in part:

For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof and premium, if any, thereon whether at maturity or upon earlier redemption: (ii) at the Annual Determination Meeting during any Fiscal Year succeeding the Fiscal Year ending June 30, 2010, or during such succeeding Fiscal Year but before the Annual Determination Meeting during such Fiscal Year, the Commission shall determine whether amounts pledged pursuant to Section 150 of the Act to pay the principal of, premium, if any, and interest on the Bonds will be sufficient for the payment of amounts due with respect to the Bonds during the Fiscal Year immediately following such succeeding Fiscal Year.

The meeting of the Commission being held today is the Annual Determination Meeting during the Fiscal Year ending June 30, 2012. As of the date hereof, the Commission determines, based on the information provided to it by the Trustee, that:

the amount on deposit in the Debt Service Reserve Fund \$2,000,000.00 equals the current Debt Service Reserve Fund Requirement;

the Commission expects that the Revenues on deposit in the Repayment Fund, together with the Revenues expected to be deposited in the Repayment Fund on or before June 30, 2012, will be sufficient to make all deposits required to be made to the Interest Account and the Principal Account due on or before June 30, 2012, without the need for any transfers from the Debt Service Reserve Fund;

the Commission expects that the Revenues on deposit in the Repayment Fund as of July 1, 2012, together with the Revenues expected to be deposited in the Repayment Fund on or before June 30, 2013, will be sufficient to make all deposits required to be made to the Interest Account and the Principal Account on or before June 30, 2013, without the need for any transfers from the Debt Service Reserve Fund; and

the Commission expects that the amount on deposit in the Debt Service Reserve Fund as of July 1, 2012, will be sufficient, if needed, for the payment of all interest due on the Bonds during the Fiscal year commencing July 1, 2012.

Based on the above, together with its consideration of amounts in the Loan Fund available to pay principal of and interest on the Bonds, the Commission has determined that the amounts pledged pursuant to Section 150 of the Act to pay the principal of, premium, if any, and interest on the Bonds will be sufficient for the payment of amounts due with respect to the Bonds during the Fiscal Year commencing July 1, 2012.

Dated: January 27, 2012

ILLINOIS STUDENT ASSISTANCE COMMISSION

By: _____
Kym Hubbard, Chairman