



**ILLINOIS STATE  
UNIVERSITY**  
*Illinois' first public university*

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February 5, 2014

Mr. Dan Long, Executive Director  
Commission on Government Forecasting and Accountability  
703 Stratton Office Building  
Springfield, IL 62706

Dear Mr. Long,

Illinois State University requests a hearing before the Commission to present a proposed issuance of \$25 million of Certificates of Participation (2014 COPs) for the financing of capital improvements in accordance with the State University Certificates of Participation Act, 110 ILCS 73.

The Illinois State University Board of Trustees (Board) at its December 14, 2013 meeting authorized the financing of information technology and academic facility improvements described below, with the issuance of the 2014 COPs. Please see the attached Board Resolution 2013.12/24.

#### **Information Technology Improvements - \$20M**

In 2011 Illinois State University launched a multi-year plan, called the *LEAPForward* Initiative to upgrade obsolete academic and student information systems. This initiative calls for a more flexible and modern system to support academic information infrastructure, including the tools to improve the University's ability to recruit, retain, and enhance the educational opportunities for students. Typical student information systems contain modules that collect data on student recruitment, admissions, financial aid, advising, degree audits, accounts receivable, transcripts, and other student records. When complete, the University's academic and student information systems will be simpler to access and use, run more efficiently, and provide more integrated, timely and reliable student information for a more competitive position in attracting and retaining high quality students and faculty.

It is estimated the total cost to implement the *LEAPForward* Initiative information technology improvements will be approximately \$24 million, of which \$20 million is to be funded with the 2014 COPs. To date, the University funded the initial business process management review and technology architecture costs through internal reallocations (approximately \$4 million). However, the significant outlay needed for the academic and student information systems' implementation and business intelligence tool over the next few years requires a longer-term financing approach. Debt issuance is an effective approach for financing large-scale information technology projects in that it will allow the

University to capitalize the significant costs over the longer term useful life of the improvements in an affordable manner.

**Academic Facilities Improvements - \$5M**

Illinois State University's Academic Facilities Advisory Committee identified a set of high priority facilities improvement projects consistent with the University's *Campus Master Plan* and strategic plan *Educating Illinois*. Projects targeted for funding from the 2014 COPs include:

1. Illinois State University Farm - Bridge Replacement
2. Family and Consumer Sciences - Laboratory and Test Kitchen Renovations
3. Animal Care Facilities – Security and Operation Compliance Enhancements
4. Felmley Hall – Laboratory and Office Renovations
5. Honors Program – Facilities Relocation and Renovation
6. Research and Sponsored Programs – Facilities Relocation and Renovation
7. Milner Library - Public Restrooms, ADA Compliance, and Other Repairs/Modifications

The 2014 COPs will be issued through a competitive public offering. Debt service for the repayment of the issue will be funded from general revenues of the University. Preliminary schedules estimating the sources and uses of funds and annual debt service related to this issuance is attached. Also attached is a report of our current outstanding debt service.

We look forward to discussing the financing of these important projects with the Commission. In the meantime, please contact Greg Alt or me if you have any questions or need additional information.

Sincerely,



Daniel T. Layzell  
Vice President for Finance and Planning

Enclosures: (3)

Cc: President Tim Flanagan  
Greg Alt  
Andrea Bacon  
JoEllen Bahnsen  
Debra Smitley  
John Vincent

ILLINOIS STATE  
UNIVERSITY

BOARD OF  
TRUSTEES

Resolution No. 2013.12/24  
Authorization to Finance Information  
Technology and Other Improvements with  
Certificates of Participation

Resolution

Whereas, the Board of Trustees (the "*Board*") of Illinois State University (the "*University*") has authority pursuant to the State University Certificates of Participation Act, 110 ILCS 73 (the "*COPs Act*") to sell certificates of participation and enter into related financing agreements in connection with the financing of capital improvements, and

Whereas, a major funding component of the LEAP*Forward* Initiative to improve the University's information technology systems includes debt financing in the estimated amount of \$20,000,000, and

Whereas, the University also desires to complete a number of capital improvements in academic facilities at an estimated cost of \$5,000,000 and to fund such improvements with debt financing, and

Whereas, in accordance with the COPs Act, the University is required to appear before the Commission on Government Forecasting and Accountability at a public hearing to present details and obtain recommended approval of any debt financing through the issuance of certificates of participation, and

Whereas, the University seeks the Board's approval to proceed with preparation of the necessary documents and to obtain the required approvals of such debt financing;

Therefore be it resolved by the Board of Trustees of Illinois State University in special meeting assembled, that:

1. The Board approves the financing of the LEAP*Forward* Initiative and the academic facilities capital improvements with the issuance of Certificates of Participation in an amount not to exceed \$25,000,000. The Board authorizes the preparation of all necessary documents and compliance with all necessary approvals with such documents and conditions of such issuance subject to final Board approval at a future date.
2. Pursuant to the Board's existing contract, the law firm of Chapman and Cutler LLP is hereby retained as Special Counsel and Disclosure Counsel to the Board.

3. Pursuant to the Board's existing contract, the firm of John S. Vincent & Company LLC is hereby retained as Financial Advisor for the preparation of the Preliminary Official Statement and the final Official Statement and other matters related to the Sale.

Board Action on: December 14, 2013 Postpone: \_\_\_\_\_  
Motion by: Trustee Voh Qualen Amend: \_\_\_\_\_  
Second by: Trustee Kinser Disapprove: \_\_\_\_\_  
Vote: Yeas: 5 Nays: 4 Approve: \_\_\_\_\_

ATTEST: Board Action, December 14, 2013

Michael P. McHugh  
Secretary/Chairperson  
Anne Davis

**Board of Trustees of Illinois State University  
 Certificates of Participation, Series 2014A  
 Sources and Uses of Funds As of 2/5/14**

	Series 2014A		
	Series 2014A-1	Series 2014A-2	Total
<b>Sources:</b>			
Bond Principal	\$9,075,000.00	\$15,925,000.00	\$25,000,000.00
<b>Uses:</b>			
Proceeds Available for Project	\$8,969,730.00	\$15,581,020.00	\$24,550,750.00
Underwriter's Discount	45,375.00	238,875.00	284,250.00
Costs of Issuance	59,895.00	105,105.00	165,000.00
<b>Total</b>	<b>\$9,075,000.00</b>	<b>\$15,925,000.00</b>	<b>\$25,000,000.00</b>

**Assumptions:**

Dated Date	5/1/2014	5/1/2014	
Delivery Date	5/1/2014	5/1/2014	
Maturity Range	4/1/15-4/1/23	4/1/24-4/1/34	4/1/15-4/1/34
Underwriter's Discount	\$5.00/\$1000	\$15.00/\$1000	\$11.37/\$1000
Average Life	5.048 Years	15.367 Years	11.621 Years
True Interest Cost (TIC)	2.884%	4.912%	4.532%
Bond Yield			4.401%

**Board of Trustees of Illinois State University  
 Certificates of Participation, Series 2014A  
 Annual Debt Service**

Fiscal Year	Series 2014A-1			Series 2014A-2			Combined Total
	Principal	Rate	Interest	Principal	Rate	Interest	
6/30/2014							
6/30/2015	950,000.00	0.60%	186,674.58			688,884.17	1,825,558.75
6/30/2016	955,000.00	0.95%	197,945.00			751,510.00	1,904,455.00
6/30/2017	965,000.00	1.25%	188,872.50			751,510.00	1,905,382.50
6/30/2018	975,000.00	1.65%	176,810.00			751,510.00	1,903,320.00
6/30/2019	990,000.00	2.20%	160,722.50			751,510.00	1,902,232.50
6/30/2020	1,015,000.00	2.65%	138,942.50			751,510.00	1,905,452.50
6/30/2021	1,040,000.00	3.10%	112,045.00			751,510.00	1,903,555.00
6/30/2022	1,075,000.00	3.50%	79,805.00			751,510.00	1,906,315.00
6/30/2023	1,110,000.00	3.80%	42,180.00			751,510.00	1,903,690.00
6/30/2024				1,155,000.00	4.00%	751,510.00	1,906,510.00
6/30/2025				1,200,000.00	4.20%	705,310.00	1,905,310.00
6/30/2026				1,250,000.00	4.35%	654,910.00	1,904,910.00
6/30/2027				1,305,000.00	4.50%	600,535.00	1,905,535.00
6/30/2028				1,365,000.00	4.60%	541,810.00	1,906,810.00
6/30/2029				1,425,000.00	4.70%	479,020.00	1,904,020.00
6/30/2030				1,490,000.00	4.80%	412,045.00	1,902,045.00
6/30/2031				1,565,000.00	4.90%	340,525.00	1,905,525.00
6/30/2032				1,640,000.00	5.00%	263,840.00	1,903,840.00
6/30/2033				1,720,000.00	5.10%	181,840.00	1,901,840.00
6/30/2034				1,810,000.00	5.20%	94,120.00	1,904,120.00
	9,075,000.00		1,283,997.08	15,925,000.00		11,726,429.17	38,010,426.25
			10,358,997.08			27,651,429.17	