



**Northern Illinois
University**

Division of Finance

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February 12, 2014

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

Dear Mr. Long:

In accordance with Section 73/15 of the State University Certificates of Participation Act, 110 ILCS 73/1 *et seq.*, please accept this letter as the request of Northern Illinois University (“NIU”) to appear before the Commission on Government Forecasting and Accountability to present the details of a proposed refinancing. NIU would like to issue Certificates of Participation (“COPs”) to refinance the following outstanding obligations (the “*Prior Obligations*”):

The Illinois Development Finance Authority’s Lease Revenue Bonds, Series 1999 (Northern Illinois University - Naperville Project), currently outstanding in the principal amount of \$11,630,000. The Series 1999 Bonds were issued to finance the construction of a 113,000 square foot building on NIU’s Naperville Campus. The University offers continuing education and accreditation classes in a variety of academic programs, as well as training and conference facilities for suburban businesses and organizations. The facility numbers among its current tenants the following external and internal entities: American Institutes for Research, Illinois Board of Examiners, Regional Development Institute (RDI), Rapid Optimization of Commercial Knowledge Program (ROCK), State Universities Retirement System Offices (SURS) and University Relations. These tenants generate close to \$730,000 in rental income. During academic year 2013-2014, 143 classes (62 classes in Fall 2013 and 81 classes in Spring 2014) have been held or are scheduled to be held Monday through Saturday. The courses come from the University’s College of Business, Education, Health & Human Sciences and Liberal Arts & Sciences and include courses in Accountancy, Adult & Higher Education, Counseling, Economics, Educational Psychology, Finance, Geography, History, Literacy Education, Management, Marketing, Nursing, Operations Management & Information Systems, Philosophy and Public Administration.

The Installment Payment Contract between the Board and Energy Systems Group, LLC, dated June 4, 2010, in the currently outstanding principal amount of \$1,181,562, which financed energy conservation measures related to NIU’s East Chiller Plant.

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The maximum principal amount of Prior Obligations to be refunded is \$12.9 million. The total principal amount of COPs to be issued for the refunding, including costs of issuance, will not exceed \$14 million.

NIU's Board of Trustees has given preliminary approval for the refinancing (see attached Board Resolution of November 22, 2013); if approved by the Commission, final Board approval for the COPs issuance is scheduled to occur on or about February 27, 2014.

The 2014 COPs will be issued via a negotiated public offering. Debt service for the repayment of the existing obligations and the new issue are and will be funded from general revenues of the University and are not charged against the University's appropriation. The refinancings are being undertaken for the purpose of savings so the University will not need to find new revenue sources to finance the Series 2014 debt service.

Enclosed is a preliminary structural analysis for the 2014 COPs financing and a summary of the anticipated savings from the current refinancing. In addition to the Lease Revenue Bonds that are being refinanced as part of this issuance, the University has three outstanding Auxiliary Facilities System bond issues and one off balance sheet bond issue for a privatized student housing facility, for which we have provided a summaries of annual debt service obligations. We have also included current draft copies of the bond and disclosure documents.

If you have any questions or need additional information, please contact me at (815) 753-3088 or nsuttenfield@niu.edu or Michael Boisvert of Longhouse Capital Advisors, the University's Financial Advisor, at (630) 926-9509 or Michael@longhousecapital.com.

We look forward to discussing this refinancing with you.

Sincerely,



Nancy Suttentfield
Interim Chief Financial Officer

Enclosures

Cc: Steve Cunningham
Keith Jackson
Michael Boisvert
Lindsay Wall
Andrea Bacon