

SENATE
Jeffrey M. Schoenberg
Co-Chair

Bill Brady
Michael Frerichs
Matt Murphy
Dave Syverson
Donne Trotter

EXECUTIVE DIRECTOR
Dan R. Long



State of Illinois
COMMISSION ON GOVERNMENT
FORECASTING AND ACCOUNTABILITY
703 Stratton Ofc. Bldg., Springfield, IL 62706
217/782-5320 Fax: 217/782-3513
<http://www.ilga.gov/commission/cgfa2006/home.aspx>

HOUSE
Patricia Bellock
Co-Chair

Kevin McCarthy
Elaine Nekritz
Raymond Poe
Al Riley
Michael Tryon

DEPUTY DIRECTOR
Trevor J. Clatfelter

February 24, 2011

MEMORAUNDUM

TO: John J. Cullerton, President of the Senate
Michael J. Madigan, Speaker of the House of Representatives
Christine Radogno, Minority Leader of the Senate
Tom Cross, Minority Leader of the House of Representatives
David Vaught, Governor's Office of Management and Budget
Dr. Al Bowman, President, Illinois State University

RE: *Report of the Commission's Findings Concerning Illinois State University's Issuance of \$15 million of Series 2011 Certificates of Participation*

The Commission met on Wednesday, February 9, 2011 to hear and take action on the proposed issuance of \$15 million of Certificates of Participation (COPs) by Illinois State University. The following documentation details background information on the projects to be funded, the Certificates to be issued, and the University's debt.

BACKGROUND

Law:

Under the State University Certificates of Participation Act [110 ILCS 73], any State university planning to issue Certificates of Participation (COPs) must appear before the Commission at a public hearing to present the details of the proposal. Upon adoption by a vote of the majority of appointed members, the Commission shall issue a record of findings within 60 days after the request by the university. As part of the Commission's consideration and findings the Commission shall consider the effect the issuance of a certificate of participation shall have on the State University's annual debt service and overall fiscal condition. Within the findings shall be a statement in which the Commission makes a recommendation of either (i) "favorably recommended", (ii) "recommended with concerns", or (iii) "non-support of issuance". Findings shall be reported by the Commission within 15 days after the hearing. Upon a finding of "non-support of issuance", a State University may not proceed with the issuance of the certificate involved in the finding without the approval of the General Assembly through adoption of a joint resolution.

Reason for the State University COP Act:

The public universities needed the ability to cover certain projects with certificates of participation, in light of the political issues that can forestall passage of a capital program. In order to avoid the risks involved in seeking passage of what would be considered a "higher education capital program" by seeking General Assembly approval of any certificates of participation, it was believed that the Commission on Government Forecasting and Accountability would provide the correct level of oversight while providing universities with the funding flexibility they need.

Illinois State University 2011 Certificates of Participation

Certificates of Participation Amount	\$15 million
Maturity	20 years
Annual Debt Service ranging	\$1.345 million-\$763,000

Terms of COPs

Approximately \$15 million in Certificates of Participation would be sold, with a 20-year maturity. The Certificates are expected to be sold competitively in mid-April with closing expected in early May. The Certificates will be tax-exempt and the University is estimating the true interest cost for the financing to be about 5.50%.

Purpose of Projects:

The Certificates will be issued to finance Energy Conservation Measures (ECM) Phase I, Hovey Hall Improvements, and Academic Facilities Improvements. The projects were approved by the University's Board of Trustees at its October 22, 2010 meeting.

#	Energy Conservation Measures	Cost	1 st Year Savings
1	Milner Lighting Retrofits	\$ 622,417	\$ 50,073
2	Milner Domestic Water Retrofits	49,201	2,779
3	Milner VAV and DDC Conversion	1,915,027	123,758
4	Milner Rare Books Room Isolation and Controls	146,754	(1,108)
5	Milner Air Handler and Duct Cleaning	119,027	-
6	Milner Replace Dampers	394,072	1,237
7	Milner Variable Primary Chilled Water Control	1,026,765	28,784
8	Milner Submeters	98,172	-
9	SLB Lighting Retrofits	259,770	23,648
10	SLB Domestic Water Conversation	10,941	5,454
11	SLB Fume Hood Removal	98,640	15,418
12	SLB Variable Primary Chilled Water Control	1,350,176	42,680
13	SLB Submeters	81,849	-
14	Heating Plant Chillers	2,241,035	287,826
15	Heating Plant Domestic Water Conservation	2,129	44
16	Heating Plant Lighting Retrofits	31,517	7,170
17	Web Based Green Screen Student Initiative	68,510	-
	Total	\$ 8,516,001	\$587,763

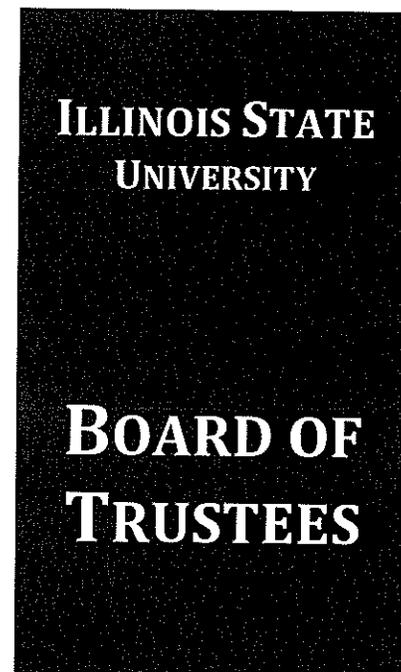
The ECM Phase I project consists of 17 energy conservation measures costing approximately \$8.52 million. The project began in October 2009, with a competitive selection process that included 11 proposals. NORESO was chosen to conduct an investment grade energy audit and to enter into an energy services agreement. The energy audit was completed in August 2010 with the identification of 19 potential ECMs of which 17 were recommended for Board approval.

The Hovey Hall Improvements project is estimated to cost \$5.5 million with work to begin in the summer of 2011. Hovey Hall houses administrative offices, and was built in 1951 with a 1966 East annex added. In December 2009, a pre-cast column cover on the exterior of the Hall collapsed. A structural engineering firm determined the replacement of all remaining pre-cast column elements was necessary to avoid any additional life safety risk. An examination of the exterior building envelope by a structural engineering firm revealed a modest amount of deterioration in the curtain wall system, pre-cast concrete, roofing and glazing. Repairs will be made to the pre-cast elements as well as replacement of all of the gaskets on windows. This project will also include major remodeling to extend the life of the building, add the Financial Aid Office, and improve mechanical, electrical and water systems.

Construction	\$4,000,000
Furnishings	500,000
Design Fees	500,000
Contingency	<u>500,000</u>
Total Project Cost	\$5,500,000

The Academic Facilities Improvements include the replacement of approximately 50 exterior doors in Thomas Metcalf School, University High School, the Science Laboratory Building, Nelson Smith Building, Felmley Hall, and the Heating Plant. The cost is approximately \$410,000. Under Board of Trustees policy, decision/approval authority for all capital projects and purchases under \$500,000 is delegated to the President, so there is no Board resolution required.

The financing plan for both projects was approved at the Board's February 18, 2011 meeting (See the attached resolution).



Resolution No. 2011.02/02
Authorization to Finance Capital
Improvement Projects with Certificates of
Participation Series 2011

Resolution

Whereas, the Board of Trustees (the "*Board*") of Illinois State University (the "*University*") at its regular meeting of October 22, 2010 approved the following capital improvement projects: the implementation of Energy Conservation Measures Phase I ("*ECM Phase I*") in accordance with a performance contract entered into with NORESCO, and the construction of improvements to Hovey Hall (the "*Hovey Hall Improvements*"); and

Whereas, pursuant to authorities granted to the President's Office, certain improvements to academic and academic support facilities have been approved (the "*Academic Facilities Improvements*"); and

Whereas, the Board 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, the Board hereby determines that it is desirable to grant approval for the financing of the ECM Phase I, the Hovey Hall Improvements, and the Academic Facilities Improvements (collectively, the "*Improvements*") and related costs through the issuance of certificates of participation under the COPs Act;

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

1. The Board hereby authorizes the execution and delivery of an Installment Purchase Contract and the issuance of Certificates of Participation (Capital Improvement Project) in one or more series (the "*Certificates*") in connection therewith, in order to provide funds to finance, or reimburse the Board for the costs associated with, the Improvements, to pay capitalized interest for a period to be determined by the Treasurer of the Board and pay the costs of issuance of the Certificates. The Certificates shall be in an aggregate principal amount not to exceed \$15,000,000 with a final maturity no later than 30 years from the date of issuance of the Certificates. The cost of the ECM Phase I is estimated to be \$8,520,000; the Hovey Hall Improvements, \$5,500,000; and the Academic Facilities Improvements, \$420,000, plus capitalized interest estimated at \$345,000 and other costs estimated at \$215,000.

2. U.S. Bank National Association is hereby authorized to serve as Trustee.
3. 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.
4. 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 .
5. The Board approves a competitive public sale of the Certificates, subject to the following conditions: (a) the Certificates to be issued shall not exceed an aggregate principal amount of \$15,000,000 (prior to original issue discount or premium, if any); (b) the Certificates will have a final maturity of no later than 30 years from their date of issuance; (c) the price at which the Certificates will be sold will not be less than 97% of the par amount thereof; and (d) the true interest cost of the Certificates will not exceed 7.25%. The final terms of the Certificates shall be approved by the Treasurer, at his discretion and within such parameters.
6. The Board approves the preparation and distribution of a Preliminary Official Statement, Official Notice of Sale and Official Bid Form in connection with of the sale of the Certificates. The Board approves the form of such documents, copies of which are on file with the Secretary of the Board for recording. The Treasurer of the Board or his designee is hereby authorized and directed to execute the final Official Statement and the Official Bid Form in the name of and on behalf of the Board in substantially the forms presented to this meeting, or with such changes as may be approved by the officer of the Board executing the same, his/her execution thereof to constitute conclusive evidence of the Board's approval of all changes from the forms thereof presented to this meeting.
7. The Board approves the forms of the Installment Purchase Contract, Indenture of Trust, Acquisition Agreement and Continuing Disclosure Agreement. Copies of such documents are on file with the Secretary of the Board for recording. The Treasurer and Secretary of the Board or their respective designees are hereby authorized and directed to execute such documents in the name of and on behalf of the Board in substantially the forms presented to this meeting, or with such changes as may be approved by the officer or officers of the Board executing the same, his/her or their execution thereof to constitute conclusive evidence of the Board's approval of all changes from the forms thereof presented to this meeting.
8. If required by the successful bidder for the Certificates, the Board agrees to comply with the terms and provisions of bond insurance for the Certificates, if such terms are approved by the Treasurer of the Board.
9. The Board acknowledges that the Certificates will not be issued prior to complying with all necessary procedures and receiving all necessary approvals for the issuance of the Certificates and the acquisition and construction of the Improvements, including but not limited to approval by the Illinois Board of Higher Education of the Hovey Hall Improvements, and the requirements set forth in the COPs Act.
10. The Chairman, the Treasurer and the Secretary of the Board and the members, officers, agents and employees of the Board are hereby authorized and directed to do all such acts and to execute all such documents as may be necessary to carry out and comply with the provisions of this resolution and with the actions of the members, officers, agents, and employees of the Board which are in conformity with the intent and purposes of this resolution, whether heretofore or hereafter taken or done, which actions shall be and are ratified, confirmed and approved.

Board Action on: February 18, 2011 Postpone: _____
 Motion by: Trustee Dobak Amend: _____
 Second by: Trustee Bergman Disapprove: _____
 Vote: Yeas: 7 Nays: 0 Approve: _____

ATTEST: Board Action, February 18, 2011

Michael P. McLaughlin
 Secretary/Chairperson

Supplementary Information

Board of Trustees
Illinois State University
Certificates of Participation, Series 2011

In addition to the authority provided to the Board of Trustees by the State of Illinois to issue revenue bonds for the construction and operation of auxiliary facilities, the State University Certificates of Participation Act, 110 ILCS 73, provides the Board authority to issue debt in the form of Certificates of Participation (“COPs”) to finance other capital improvements (including technology or other related improvements). These COPs evidence payments under an installment purchase agreement and are limited to a term not to exceed thirty years or the useful life of the improvements.

Before the issuance of any new COPs, the statute requires the University to appear before the Commission on Government Forecasting and Accountability to present details of the proposed financing and receive approval for the issuance. The University submitted an official request for a hearing before the Commission on January 10, 2011. The statute requires that the Commission hold this hearing and issue its findings/recommendations within 60 days of the request. The University appeared before the Commission on February 9, 2011 and received a recommendation of “favorably recommended” and therefore no additional approval is required from the General Assembly before proceeding with the financing.

State statute also requires that public universities receive approval from the Illinois Board of Higher Education for non-instructional capital projects before proceeding with such projects. Given that one component of this issuance is considered to be “non-instructional” in nature (the Hovey Hall Improvements), the University has submitted its request for project approval to the IBHE, which will be considered at the IBHE’s April 12, 2011 meeting.

The University has only one other outstanding COPs issue (Certificates of Participation, Series 2008) that was issued in June of 2008 in the amount of \$22,230,000 to finance portions of the Student Fitness Center/McCormick Hall, the South Power Plant and implementation of the Human Resource Information System,

The Series 2011 Certificates of Participation will be issued in the amount of \$15,000,000 to fund the following projects and estimated costs:

Energy Conservation Measures Phase I	\$8,520,000
Hovey Hall Improvements	5,500,000
Academic Facilities Improvements	420,000
Capitalized Interest	345,000
Issuance and Other Costs	215,000

Issuance of the Series 2011 Certificates of Participation will increase annual debt service payments by approximately \$1.3 million raising total annual debt service payments (including both outstanding Auxiliary Facilities System revenue bonds and COPs) to approximately \$13.0 million in FY2013. These annual debt service payments will step up to approximately \$13.2 million in FY2015 and then step down to approximately \$9.4 million in FY2017 and to approximately \$3.0 million in FY2032, with final payment in FY 2033. Combined with the University’s current (as of June 30, 2010) outstanding Auxiliary Facilities System debt of \$103.3 million and outstanding COPs debt of \$21.3 million, long term debt will now total approximately \$139.6 million.

Financing of Projects:

ISU will sell COPs under the State University Certificates of Participation Act to finance the 2011 projects over 20 years. These projects were approved by the University's Board of Trustees at its October 22, 2010 meeting. The financing plan for both projects was approved at the Board's February 18, 2011 meeting.

**Board of Trustees of Illinois State University
Certificates of Participation, Series 2011
Estimated Sources and Uses of Funds**

	15 Year Hovey & ESCo Level D/S			
	15 - Year Hovey Portion	ESCo - Level Debt Service	Academic Facilities Improvements	Combined Total
Sources:				
Certificate Principal	\$5,575,000.00	\$9,005,000.00	\$420,000.00	\$15,000,000.00
Interest Earnings	8,390.15	8,319.64	284.43	16,994.22
Total	\$5,583,390.15	\$9,013,319.64	\$420,284.43	\$15,016,994.22
Uses:				
Project Cost	\$5,500,000.00	\$8,516,001.00	\$410,000.00	\$14,426,001.00
Capitalized Interest		364,674.07		364,674.07
Underwriter's Discount	33,450.00	54,030.00	2,520.00	90,000.00
Costs of Issuance	46,458.33	75,041.67	3,500.00	125,000.00
Rounding/Contingency	3,481.82	3,572.90	4,264.43	11,319.15
Total	\$5,583,390.15	\$9,013,319.64	\$420,284.43	\$15,016,994.22

Payment of COPs

The debt service on the Energy Conservation Measures Phase I will be funded from guaranteed utility savings derived from the project. Debt service for the Hovey Hall and academic facilities improvements will be funded by University general revenues.

The following pages include three tables:

Table 1 lists the savings that will pay for the ECM improvements debt service;

Table 2 shows the debt service related to the Hovey Hall improvements and that they will be paid from the University's general revenues;

Table 3 shows the debt service for the academic facilities improvements, which will also be paid from general revenues; and

Table 4 combines the expected 2011 COP debt service with current COP debt service.

In Table 1, the actual project cost to construct the ECMs is \$8.5 million, but the total principal amount for the project also includes \$365,000 in capitalized interest cost during the 1 year construction phase in addition to the issuance and related costs for the project (approx. \$130,000).

The \$800,000 in Capital Avoidance shown in Table 1 are modest capital savings from repair/replacement cost avoidance that ISU will be realizing in the first year only after project completion from the following ECMs:

ECM #4 – Milner Library Rare Books Room: ISU would otherwise have to move the contents of the room to another facility with sufficient climate controls to protect the materials, thereby incurring the cost of (a) moving the materials and (b) the likely retrofitting of another facility to provide the appropriate climate controls. Estimated 1st year savings: \$200,000

ECM #7 & #12 – Variable Primary Chilled Water Controls in Milner Library and the Science Lab Building: Implementing these new controls enhances the usage efficiency and useful life of pumps and valves associated with the chilled water cooling system in part by reducing the excess chilled water flow that is generated under the current system, thereby reducing wear and tear on the pumps and valves. Estimated 1st year savings from repair/replacement cost avoidance: \$200,000

ECM #14 – Replace Absorption Chillers with Electric Chillers in the Heating Plant: By moving toward more reliable and efficient mechanical chillers, ISU will avoid anticipated repair costs for the current chillers in FY 2013 that would have otherwise been incurred. Estimated savings: \$400,000

These cost estimates come from ISU's Office of Energy Management which is responsible for the maintenance and upkeep of the University's heating and cooling systems, and is based on past experience with such repair and replacement costs. These savings are being counted toward the debt service in FY 2013 given that this is when those costs would otherwise have been incurred.

Table 1

Board of Trustees of Illinois State University
Certificates of Participation, Series 2011
ESCo Annual Debt Service

Fiscal Year	ESCo Portion - Series 2011 COPs				Sources of Repayment				Surplus (Deficit)	Cumulative Surplus	Coverage		
	Principal	Rate	Interest	Total	Capitalized Interest	Utility Savings *	O & M Savings	Capital Avoidance				Total Sources	
6/30/2011													
6/30/2012			464,544.62	464,544.62	364,674.07	100,000.00				464,674.07	129.45	129.45	1.00
6/30/2013	295,000.00	2.00%	471,087.50	766,087.50		566,276.00	40,000.00	800,000.00	1,406,276.00	640,188.50	640,317.95	1.84	
6/30/2014	300,000.00	2.50%	465,187.50	765,187.50		586,188.00	41,200.00		627,388.00	(137,799.50)	502,518.45	1.00	
6/30/2015	310,000.00	3.00%	457,687.50	767,687.50		606,801.00	42,436.00		649,237.00	(118,450.50)	384,067.95	1.00	
6/30/2016	315,000.00	3.40%	448,387.50	763,387.50		648,413.00	43,709.00		692,122.00	(71,265.50)	312,802.45	1.00	
6/30/2017	330,000.00	3.75%	437,677.50	767,677.50		671,107.00	45,020.00		716,127.00	(51,550.50)	261,251.95	1.00	
6/30/2018	340,000.00	4.10%	425,302.50	765,302.50		694,596.00	46,371.00		740,967.00	(24,335.50)	236,916.45	1.00	
6/30/2019	355,000.00	4.45%	411,362.50	766,362.50		718,907.00	47,762.00		766,669.00	306.50	237,222.95	1.00	
6/30/2020	370,000.00	4.70%	395,565.00	765,565.00		744,068.00	49,195.00		793,263.00	27,698.00	264,920.95	1.04	
6/30/2021	390,000.00	4.95%	378,175.00	768,175.00		770,111.00	50,671.00		820,782.00	52,607.00	317,527.95	1.07	
6/30/2022	405,000.00	5.20%	358,870.00	763,870.00		797,065.00	52,191.00		849,256.00	85,386.00	402,913.95	1.11	
6/30/2023	430,000.00	5.35%	337,810.00	767,810.00		824,962.00	53,757.00		878,719.00	110,909.00	513,822.95	1.14	
6/30/2024	450,000.00	5.50%	314,805.00	764,805.00		853,836.00	55,369.00		909,205.00	144,400.00	658,222.95	1.19	
6/30/2025	475,000.00	5.70%	290,055.00	765,055.00		883,720.00	57,030.00		940,750.00	175,695.00	833,917.95	1.23	
6/30/2026	505,000.00	5.85%	262,980.00	767,980.00		914,650.00	58,741.00		973,391.00	205,411.00	1,039,328.95	1.27	
6/30/2027	530,000.00	6.25%	233,437.50	763,437.50		946,663.00	60,504.00		1,007,167.00	243,729.50	1,283,058.45	1.32	
6/30/2028	565,000.00	6.25%	200,312.50	765,312.50		979,796.00	62,319.00		1,042,115.00	276,802.50	1,559,860.95	1.36	
6/30/2029	600,000.00	6.25%	165,000.00	765,000.00		1,014,089.00	64,188.00		1,078,277.00	313,277.00	1,873,137.95	1.41	
6/30/2030	640,000.00	6.25%	127,500.00	767,500.00		1,049,582.00	66,114.00		1,115,696.00	348,196.00	2,221,333.95	1.45	
6/30/2031	680,000.00	6.25%	87,500.00	767,500.00		1,086,317.00	68,097.00		1,154,414.00	386,914.00	2,608,247.95	1.50	
6/30/2032	720,000.00	6.25%	45,000.00	765,000.00		1,124,338.00	70,140.00		1,194,478.00	429,478.00	3,037,725.95	1.56	
	9,005,000.00		6,778,247.12	15,783,247.12	364,674.07	16,581,485.00	1,074,814.00	800,000.00	18,820,973.07	3,037,725.95			

* Net of monitoring and verification service costs and includes \$100,000 of estimated savings in the first year during implementation.

Table 2

**Board of Trustees of Illinois State University
Certificates of Participation, Series 2011
Hovey Annual Debt Service**

Fiscal Year	Hovey Portion - Series 2011 COPs				General Revenue	Coverage
	Principal	Rate	Interest	Total		
6/30/2011						
6/30/2012	295,000.00	1.50%	239,136.88	534,136.88	534,136.88	1.00
6/30/2013	295,000.00	2.00%	238,080.00	533,080.00	533,080.00	1.00
6/30/2014	300,000.00	2.50%	232,180.00	532,180.00	532,180.00	1.00
6/30/2015	310,000.00	3.00%	224,680.00	534,680.00	534,680.00	1.00
6/30/2016	320,000.00	3.40%	215,380.00	535,380.00	535,380.00	1.00
6/30/2017	330,000.00	3.75%	204,500.00	534,500.00	534,500.00	1.00
6/30/2018	340,000.00	4.10%	192,125.00	532,125.00	532,125.00	1.00
6/30/2019	355,000.00	4.45%	178,185.00	533,185.00	533,185.00	1.00
6/30/2020	370,000.00	4.70%	162,387.50	532,387.50	532,387.50	1.00
6/30/2021	390,000.00	4.95%	144,997.50	534,997.50	534,997.50	1.00
6/30/2022	410,000.00	5.20%	125,692.50	535,692.50	535,692.50	1.00
6/30/2023	430,000.00	5.35%	104,372.50	534,372.50	534,372.50	1.00
6/30/2024	450,000.00	5.50%	81,367.50	531,367.50	531,367.50	1.00
6/30/2025	475,000.00	5.70%	56,617.50	531,617.50	531,617.50	1.00
6/30/2026	505,000.00	5.85%	29,542.50	534,542.50	534,542.50	1.00
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
	<u>5,575,000.00</u>		<u>2,429,244.38</u>	<u>8,004,244.38</u>	<u>8,004,244.38</u>	

Table 3
Board of Trustees of Illinois State University
Certificates of Participation, Series 2011
Academic Facilities Improvements Annual Debt Service

Fiscal Year	Academic Facilities Improvements - Series 2011 COPs				General Revenue	Coverage
	Principal	Rate	Interest	Total		
6/30/2011						
6/30/2012	20,000.00	1.50%	18,065.56	38,065.56	38,065.56	1.00
6/30/2013	20,000.00	2.00%	18,020.00	38,020.00	38,020.00	1.00
6/30/2014	25,000.00	2.50%	17,620.00	42,620.00	42,620.00	1.00
6/30/2015	25,000.00	3.00%	16,995.00	41,995.00	41,995.00	1.00
6/30/2016	25,000.00	3.40%	16,245.00	41,245.00	41,245.00	1.00
6/30/2017	25,000.00	3.75%	15,395.00	40,395.00	40,395.00	1.00
6/30/2018	25,000.00	4.10%	14,457.50	39,457.50	39,457.50	1.00
6/30/2019	25,000.00	4.45%	13,432.50	38,432.50	38,432.50	1.00
6/30/2020	30,000.00	4.70%	12,320.00	42,320.00	42,320.00	1.00
6/30/2021	30,000.00	4.95%	10,910.00	40,910.00	40,910.00	1.00
6/30/2022	30,000.00	5.20%	9,425.00	39,425.00	39,425.00	1.00
6/30/2023	30,000.00	5.35%	7,865.00	37,865.00	37,865.00	1.00
6/30/2024	35,000.00	5.50%	6,260.00	41,260.00	41,260.00	1.00
6/30/2025	35,000.00	5.70%	4,335.00	39,335.00	39,335.00	1.00
6/30/2026	40,000.00	5.85%	2,340.00	42,340.00	42,340.00	1.00
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
	420,000.00		183,685.56	603,685.56	603,685.56	

Table 4

Board of Trustees of Illinois State University
Certificates of Participation, Series 2011
Combined Annual COPs Debt Service

Fiscal Year	Estimated Series 2011 COPs					Series 2008 COPs	Combined COPs Debt Service
	Principal	Rate	Interest	Capitalized Interest	Total		
6/30/2011						1,721,850.00	1,721,850.00
6/30/2012	315,000.00	1.50%	721,747.06	(364,674.07)	672,072.99	1,714,062.50	2,386,135.49
6/30/2013	610,000.00	2.00%	727,187.50		1,337,187.50	1,720,625.00	3,057,812.50
6/30/2014	625,000.00	2.50%	714,987.50		1,339,987.50	1,713,775.00	3,053,762.50
6/30/2015	645,000.00	3.00%	699,362.50		1,344,362.50	1,721,050.00	3,065,412.50
6/30/2016	660,000.00	3.40%	680,012.50		1,340,012.50	1,719,487.50	3,059,500.00
6/30/2017	685,000.00	3.75%	657,572.50		1,342,572.50	1,714,087.50	3,056,660.00
6/30/2018	705,000.00	4.10%	631,885.00		1,336,885.00	1,717,287.50	3,054,172.50
6/30/2019	735,000.00	4.45%	602,980.00		1,337,980.00	1,713,687.50	3,051,667.50
6/30/2020	770,000.00	4.70%	570,272.50		1,340,272.50	1,718,487.50	3,058,760.00
6/30/2021	810,000.00	4.95%	534,082.50		1,344,082.50	1,721,287.50	3,065,370.00
6/30/2022	845,000.00	5.20%	493,987.50		1,338,987.50	1,720,550.00	3,059,537.50
6/30/2023	890,000.00	5.35%	450,047.50		1,340,047.50	1,722,750.00	3,062,797.50
6/30/2024	935,000.00	5.50%	402,432.50		1,337,432.50	1,716,012.50	3,053,445.00
6/30/2025	985,000.00	5.70%	351,007.50		1,336,007.50	1,717,150.00	3,053,157.50
6/30/2026	1,050,000.00	5.85%	294,862.50		1,344,862.50	1,720,737.50	3,065,600.00
6/30/2027	530,000.00	6.25%	233,437.50		763,437.50	1,714,675.00	2,478,112.50
6/30/2028	565,000.00	6.25%	200,312.50		765,312.50	1,719,025.00	2,484,337.50
6/30/2029	600,000.00	6.25%	165,000.00		765,000.00		765,000.00
6/30/2030	640,000.00	6.25%	127,500.00		767,500.00		767,500.00
6/30/2031	680,000.00	6.25%	87,500.00		767,500.00		767,500.00
6/30/2032	720,000.00	6.25%	45,000.00		765,000.00		765,000.00
	15,000,000.00		9,391,177.06	(364,674.07)	24,026,502.99	30,926,587.50	54,953,090.49

Current ISU Debt

The State University Certificates of Participation Act places a limit on Illinois State University's COPs of a maximum \$10 million annually in debt service.

ISU COP debt service in FY 2011 is \$1,721,850 for COPs Series 2008, which will be paid off in 2028.

The ISU COPs for 2011 will have an estimated debt service ranging from a high of 1.345 million to a low in later years of \$763,000 through 2032. The highest combined debt service would be \$3.066 million in FY 2026, which is below the \$10 million annual limit for the University's COPs.

ISU COP outstanding principal as of June 30, 2010 is \$21.3 million, while current Auxiliary Facilities System (AFS) Revenue Bond outstanding principal is \$103.9 million. AFS bonds are secured by a pledge of the net revenue of auxiliary facilities, as well as the pledged portion of the tuition, health service and athletic & service fees charged to students. Table 5, on the following page, shows the debt service schedule for current AFS bonds.

Standard & Poor's rates Illinois State University an A+ with a negative outlook. Moody's currently gives the University an A3 rating with a negative outlook. Both rating agencies state that the negative outlook is based on receiving approximately 34% (in 2009) of operating revenues from the State of Illinois, payments of which have been delayed.

Table 5

Fiscal Year Ending	<u>Auxiliary Facilities System Revenue Bonds</u>						System Total
	Series 2008	Series 2006	Series 2003	Series 1996	Series 1993	Series 1989	
6/30/2011	2,205,553.76	2,979,597.50	1,109,262.50			3,825,000.00	10,119,413.76
6/30/2012	2,212,738.76	2,977,297.50	2,432,950.00		1,665,000.00	660,000.00	9,947,986.26
6/30/2013	2,207,801.26	2,972,950.00	4,766,950.00				9,947,701.26
6/30/2014	2,205,951.26	1,671,515.00	4,759,750.00	1,335,000.00			9,972,216.26
6/30/2015	2,206,511.26	1,671,515.00	538,750.00	5,710,000.00			10,126,776.26
6/30/2016	2,209,211.26	1,671,515.00	538,785.00	5,710,000.00			10,129,511.26
6/30/2017	2,208,751.26	3,636,515.00	537,825.00				6,383,091.26
6/30/2018	2,209,991.26	3,634,880.00	535,840.00				6,380,711.26
6/30/2019	2,207,591.26	3,633,280.00	537,800.00				6,378,671.26
6/30/2020	2,211,391.26	3,633,480.00	533,880.00				6,378,751.26
6/30/2021	2,211,366.26	3,634,177.50	533,855.00				6,379,398.76
6/30/2022	2,207,966.26	3,635,082.50	537,000.00				6,380,048.76
6/30/2023	2,206,091.26	3,636,495.00	533,970.00				6,376,556.26
6/30/2024	2,210,408.76	3,638,160.00					5,848,568.76
6/30/2025	2,206,018.76	3,634,170.00					5,840,188.76
6/30/2026	2,208,093.76	3,634,420.00					5,842,513.76
6/30/2027	2,209,968.76	3,633,375.00					5,843,343.76
6/30/2028	2,208,187.52	3,637,170.00					5,845,357.52
6/30/2029	2,202,750.00	3,633,842.50					5,836,592.50
6/30/2030	2,206,500.00	3,634,860.00					5,841,360.00
6/30/2031	2,210,750.00	3,633,120.00					5,843,870.00
6/30/2032	2,210,250.00						2,210,250.00
6/30/2033	2,205,000.00						2,205,000.00
	\$50,788,843.94	\$68,467,417.50	\$17,896,617.50	\$12,755,000.00	\$1,665,000.00	\$4,485,000.00	\$156,057,878.94
Outstanding Principal (as of 6/30/10)	\$30,635,000.00	\$43,270,000.00	\$14,650,000.00	\$9,506,793.59	\$1,521,229.55	\$4,293,261.01	\$103,876,284.15

After carefully reviewing the information submitted by Illinois State University to issue \$15 million in Certificates of Participation, the Commission voted on February 9, 2011, by a vote of 8-0-0, to favorably recommend the issuance of the COPs. A copy of the motion and vote tally appears on the following page.

11

<u>Recommendation:</u>	Favorably Recommended
-------------------------------	------------------------------



Senator Jeffrey M. Schoenberg
CGFA Co-Chair



Representative Patricia R. Bellock
CGFA Co-Chair

DRL:lk
S240

**Illinois State University Series 2011
Certificates of Participation Issuance**

Pursuant to 110 ILCS 73/15, I make a motion to *favorably recommend* Illinois State University's issuance of \$15 million of Series 2011 Certificates of Participation.

COMMISSION MEMBERS ROLL-CALL			
<i>Hearing Date: Wednesday, February 9, 2011 – 3:00 p.m.</i>			
<i>Room 212, State Capitol, Springfield, IL</i>			
<i>Proposed Illinois State University Issuance of 2011 Certificates of Participation</i>			
<i>Commission Member</i>	<i>MOTION VOTE</i>		
	<i>YES</i>	<i>NO</i>	<i>Present</i>
Representative Patricia Bellock (R)	✓		
Senator Bill Brady (R)	✓		
Senator Michael Frerichs (D)	✓		
Representative Kevin McCarthy (D)	✓		
Senator Matt Murphy (R)	✓		
Representative Elaine Nekritz (D)	✓		
Representative Raymond Poe (R)			
Representative Al Riley (D)			
Senator Jeffrey Schoenberg (D)	✓		
Senator David Syverson (R)			
Senator Donne Trotter (D)			
Representative Michael Tryon (R)	✓		
Attendance/Vote	8	0	0

Motion - Sen. Schoenberg

Seconded - Sen. Brady