



SOUTHERN ILLINOIS UNIVERSITY



November 20, 2013

Senator Chapin Rose
Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, IL. 62706

Dear Senator Rose:

During our recent appearance before the Commission regarding the sale of Certificates of Participation (COPs) to finance various campus improvement projects, you had a question regarding the original purpose of COPs. In response to your question, Dr. Duane Stucky our Senior Vice President for Financial and Administrative Affairs directed his staff to contact our bond counsel to provide clarifying information. That response is attached.

If you have any other questions, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in black ink that reads "John Charles". The signature is fluid and cursive.

John Charles
Director for Governmental and Public Affairs

Office of the President, Stone Center - Mail Code 6801, 1400 Douglas Drive, Carbondale, Illinois 62901

From: Duane Stucky [mailto:dustucky@siu.edu]
Sent: Tuesday, November 19, 2013 12:58 PM
To: 'John Charles'
Cc: 'Tina Galik'
Subject: COPs Info

In response to Senator Rose's questions at the November 5, 2013, Commission Hearing, my staff contacted our bond counsel to provide clarifying information. Attached you will find the resulting correspondence from our bond counsel, Chapman and Cutler.

Duane Stucky
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Affairs and Board Treasurer
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Office of the President
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MEMORANDUM

To: Tina Galik

FROM: Andrea Bacon

DATE: November 7, 2013

RE: University Financing with Certificates of Participation

On November 5, 2013, representatives of Southern Illinois University (SIU) appeared at a hearing of the Commission on Government Forecasting and Accountability to seek approval of an issuance of Certificates of Participation (COPs) for various projects at SIU. At the hearing, one commissioner commented that he believed that COPs financings were for the purpose of financing energy savings projects, and he was concerned by the fact that some of the projects to be financed did not produce energy savings.

The State University Certificates of Participation Act, 110 ILCS 73/5 et seq. (COPs Act), does not limit COPs financing to energy savings projects. Section 10 of the COPs Act states:

The power of the Board of any State University to enter into contracts includes the power to enter into financing agreements in connection with the financing of capital improvements (including technology or other related improvements) by selling certificates of participation in the installment payments made under such financing agreements.

There is no limitation in the COPs Act as to the type of capital improvements that can be financed. Although some of the State universities have used COPs financings for energy savings projects, the Commission has previously approved COPs financings by State universities for a wide variety of capital improvements, including the construction of, or improvements to, academic buildings, the construction of chilled water facilities, the acquisition of computer systems and capital improvements to administrative buildings.

There is another statute, the Public University Energy Conservation Act, which authorizes the issuance of debt certificates by the State universities to finance energy conservation measures, and which requires that the energy savings achieved by the energy projects are sufficient to pay the cost of these projects. State universities have the option of financing energy savings projects through the issuance of debt certificates under the Energy Conservation Act, or through the issuance of COPs under the COPs Act.