Extension of the State University Certificates of Participation Act

Background:

- The State University Certificates of Participation Act granted the Board of any state university the authority to enter into financing agreements to fund capital improvements by selling Certificates of Participation (COPs), which expired on December 31, 2014.
- The expiration of this Act eliminated the authority of the Board of any state university to finance capital improvements by selling certificates of participation. This adversely impacts the state universities’ ability to maintain and expand their academic facilities and would increase their reliance on state capital appropriations.
- The state universities have no legislative authority to borrow for academic capital projects other than COPs.

Benefits to the State and the University:

- Since this law was enacted in 2009, five state universities have issued over $203 million in certificates of participation to finance facility projects, energy conservation measures and repair and replacement projects.
- The state universities use traditional financing, or revenue bonds, when there are direct revenues such as housing, dining and athletics, to pay for the related facility construction or renovation. The University of Illinois has used COPs for infrastructure projects including utility infrastructure projects or utility chilled water or steam loops.
- Installment payments (debt service) on COPs are made from the annual operating budgets, and the bond issuance teams including bankers (underwriters), lawyers (bond counsel) and financial advisors are chosen from the result of an RFP process.
- The last two COPs issues were for the University of Illinois included:
  - $73 million for the Blue Waters Supercomputer building on the Urbana campus paid off with State capital dollars
  - $29 million for the Rockford Rural Medical Center addition which also was paid off with State capital dollars

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Recent University Projects using the COPs Program

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Series</th>
<th>Amount in Millions</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Illinois University</td>
<td>2009A</td>
<td>$84.9</td>
<td>Renewable Energy Center Project, Energy Conservation Measures</td>
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<tr>
<td>Western Illinois University</td>
<td>2010</td>
<td>$11.6</td>
<td>Energy Conservation Measures, Repair &amp; Replacement Projects</td>
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<tr>
<td>Northeastern Illinois University</td>
<td>2010</td>
<td>$6.1</td>
<td>Energy Conservation Measures</td>
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<tr>
<td>Western Illinois University</td>
<td>2011</td>
<td>$11.8</td>
<td>Energy Conservation Measures, Repair &amp; Replacement Projects</td>
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<tr>
<td>Illinois State University</td>
<td>2011</td>
<td>$15.0</td>
<td>Energy Conservation Measures</td>
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<tr>
<td>Northeastern Illinois University</td>
<td>2012</td>
<td>$28.5</td>
<td>Academic Facility Project</td>
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<tr>
<td>Southern Illinois University</td>
<td>2014</td>
<td>$45.8</td>
<td>Deferred Maintenance Project, Refunding</td>
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<tr>
<td>Total</td>
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<td>$203.7</td>
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</tbody>
</table>

Supporters:

- AFL-CIO
- Chicago State University
- Governor’s State University
- Illinois Business Immigration Council
- Illinois State University
- Eastern Illinois University
- Northern Illinois University
- Southern Illinois University System
- Western Illinois University

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