



SOUTHERN ILLINOIS UNIVERSITY

SENIOR VICE PRESIDENT FOR FINANCIAL & ADMINISTRATIVE AFFAIRS AND BOARD TREASURER
STONE CENTER - MAIL CODE 6801 / 1400 DOUGLAS DRIVE / CARBONDALE, ILLINOIS 62901

November 30, 2018

Members of the Board Finance Committee

Marsha Ryan, Chair
Amy Sholar
Molly Smith
Randal Thomas

Dear Members of the Finance Committee:

The Finance Committee will meet on Thursday, December 13, 2018, immediately following the Academic Matters Committee in Ballroom B of the Student Center, Southern Illinois University Carbondale, Carbondale, Illinois. The agenda is enclosed.

Also enclosed is the FY 18 Year End Financial Performance Report.

Yours truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/sjp

Enclosures

cc: Tom Britton
J. Phil Gilbert
Brione Lockett
Shirley Portwood
Joel Sambursky
J. Kevin Dorsey
Randall Pembroke
Jerry Kruse
Other Interested Parties

AGENDA

MEETING OF THE SOUTHERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES FINANCE COMMITTEE

Thursday, December 13, 2018
Immediately following the Academic Matters Committee

Ballroom B
Student Center
Southern Illinois University Carbondale

1. Approval of Minutes of the September 13, 2018 meeting (attached).
2. Approval of Change to 5 Policies of the Board A, Budgets and Article III, Section 3 of Board Bylaws (Board Agenda Item K).
3. Approval of Purchase: Constituent Relations Management Software, Carbondale Campus, SIUC (Board Agenda Item M).
4. Approval of Purchase: Aircraft for Aviation Flight Program, SIUC (Board Agenda Item O).
5. Approval of Purchase: Electrical Supplies, Carbondale Campus, SIUC (Board Agenda Item P).
6. Approval of Purchase: Medical Office Building Lease, School of Medicine Campus, SIUC (Board Agenda Item R).
7. Approval of Purchase: Equipment and Furniture, Medical Office Building, School of Medicine Campus, SIUC (Board Agenda Item S).
8. Approval of Purchase: 340B Pharmaceutical Program, School of Medicine Campus, SIUC (Board Agenda Item T).
9. Approval of Salary and Appointment of Assistant to the Chair, Department of Surgery, School of Medicine Campus, SIUC (Board Agenda Item X).
10. Approval of Salary and Appointment: Interim Vice Chancellor for Development and Alumni Relations, SIUC (Board Agenda Item Y).
11. Information Item: Annual Debt Compliance Report.
12. Information Item: Quarterly Investment Reports.

13. Other Business

14. Adjournment

**BOARD OF TRUSTEES
SOUTHERN ILLINOIS UNIVERSITY**

Minutes of the Finance Committee Meeting

September 13, 2018

The Finance Committee met in the Meridian Ballroom on the 1st floor of the Morris University Center, Southern Illinois University Edwardsville, Edwardsville, Illinois. Present were: Marsha Ryan (Chair), Amy Sholar and Molly Smith. Absent was: Randal Thomas. Other Board members present were: Tom Britton, J. Phil Gilbert, Brione Lockett, Shirley Portwood and Joel Sambursky. Executive Officers present were: Interim President J. Kevin Dorsey; Chancellor Carlo Montemagno, SIUC; Chancellor Randall Pembroke, SIUE; Dean and Provost Jerry Kruse, School of Medicine; General Counsel Lucas Crater; Vice President for Student and Academic Affairs Brad Colwell; and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

Trustee Sholar recommended approval of the minutes of the April 12, 2018 and August 14, 2018 meetings as submitted. The motion was seconded by Trustee Ryan and passed by the Committee.

Executive Summary: Resource Allocation and Management Program (RAMP) Planning, Operations, and Capital Budget Request, Fiscal Year 2020 (Board Agenda Item N) (joint discussion with Architecture & Design and Academic Matters Committees).

This matter was discussed during the Academic Matters Committee.

Salary Increase Plan for Fiscal Year 2019, SIU (Board Agenda Item O).

Interim President Dorsey reviewed the proposed matter.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Fiscal Year 2019 Operating Budgets (Board Agenda Item P).

Interim President Dorsey reviewed the proposed matter.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Purchase: Identity Management System, Carbondale Campus, SIUC (Board Agenda Item Q).

Chancellor Montemagno reviewed the proposed matter.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Purchase: HVAC Maintenance Services, School of Medicine Campus, SIUC (Board Agenda Item T).

Dean and Provost Kruse reviewed the proposed matter.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Salary and Appointment: Dean of the School of Business, SIUE (Board Agenda Item V).

Chancellor Pembroke reviewed the proposed appointment and requested Finance Committee approval of the salary of:

Dr. Timothy Schoenecker as Dean of the School of Business, SIUE, with an annual salary of \$200,000, effective July 1, 2018 and continuing.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Salary and Appointment: Chief Information Officer and Associate Vice Chancellor for Information Technology Services, SIUE (Board Agenda Item W).

Chancellor Pembroke reviewed the proposed appointment and requested Finance Committee approval of the salary of:

Mr. Steven Huffstutler as Chief Information Officer and Associate Vice Chancellor for Information Technology Services, SIUE, with an annual salary of \$175,000, effective July 1, 2018 and continuing.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Purchase: Legal Services for Intellectual Property, Carbondale Campus, Edwardsville Campus, School of Medicine Campus (Board Agenda Item Z).

General Counsel Crater reviewed the proposed matter.

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Approval of Salary: Executive Secretary of the Board (Board Agenda Item L).

Trustee Sholar recommended approval of the matter and that it be placed on the Board's agenda. The motion was duly seconded by Trustee Ryan and was passed by the Committee.

Information Item: Upcoming Policy Revision Related to Budget Document.

Senior Vice President for Financial and Administrative Affairs and Board Treasurer Stucky discussed the policy revision related to the budget document.

Other Business

There being no further business, the meeting was adjourned.



SOUTHERN ILLINOIS UNIVERSITY



FY 2018 Financial Performance Report

Year End Report



Table of Contents

Introduction	1
Schedule B - FY 18 Net Operating Results by Fund Group	2
Schedule C - Detail Tables by Campuses	3
Statement of Financial Performance for SIU	
Statement of Financial Performance for SIU-Carbondale (excludes School of Medicine)	
Statement of Financial Performance for SIUC-School of Medicine	
Statement of Financial Performance for SIU-Edwardsville	
Statement of Financial Performance for SIU-University Administration	
Statement of Financial Performance for SIU-University Wide Service	
Appendix - Descriptions of Major Fund Group	9

INTRODUCTION
SIU FY18 FINANCIAL PERFORMANCE REPORT

This report provides information on the financial performance of SIU's major operating fund groups for FY2018. Schedule B provides a University-wide summary of financial performance for each fund group. Schedule C compares FY18 results with the prior year.

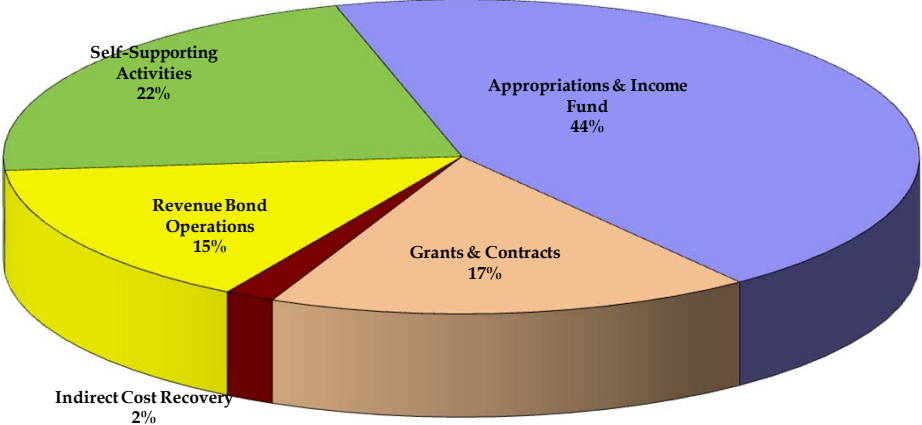
It should be noted that this report is presented on a cash basis except for the revenue bond fund group, which is on a modified accrual basis, and would, therefore, differ from the University's annual audited financial statements which are presented on an accrual basis. Also, this report deals only with operating fund groups; cash balances in this report would differ from the University's annual financial statement, which includes all funds.

SIU FINANCIAL PERFORMANCE REPORT

**Southern Illinois University
Fiscal Year 2018 Net Operating Results by Fund Group**

	<u>Appropriations (1) & Income Fund</u>	<u>Grants (2) and Contracts</u>	<u>Indirect Cost Recovery</u>	<u>Revenue Bond Operations</u>	<u>Self-Supporting Activities</u>	<u>Total</u>	<u>Service (3) Departments</u>
Total Revenue	388,735,300	146,998,300	28,115,442	128,738,064	192,128,886	884,715,992	110,373,779
Total Expenditures	<u>379,168,000</u>	<u>146,998,300</u>	<u>15,183,493</u>	<u>129,417,593</u>	<u>188,824,725</u>	859,592,111	<u>113,514,683</u>
Net Operating Results (+/-)	9,567,300	0	12,931,949	(679,529)	3,304,161	25,123,881	(3,140,904)

Distribution of Operating Expenditures



Note:

- (1) Appropriations - Direct payments by the State of Illinois for staff benefits on behalf of the University total about \$331 million.
- (2) Grants and Contracts - Revenues received from external sources match expenditures over the life of the grant, therefore the cash balance is reflected as zero.
- (3) Service Departments act as "flow through" accounts for services provided to University departments. In order to avoid double-counting of financial transactions, revenue and expenditures are not added to the University totals.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

Southern Illinois University
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations (a) (b) Expenditures	201,214,900	182,178,200	(19,036,700)	-9%
Income Fund (b) Revenue	209,765,100	206,557,100	(3,208,000)	-2%
Expenditures	175,019,500	196,989,800	21,970,300	13%
Net Result	34,745,600	9,567,300	(25,178,300)	
Grants and Contracts (c) Expenditures	138,218,800	146,998,300	8,779,500	6%
Indirect Cost Recovery Revenue	15,340,100	28,115,442	12,775,342	83%
Expenditures	9,716,400	15,183,493	5,467,093	56%
Net Result	5,623,700	12,931,949	7,308,249	
Revenue Bond Operations Revenue	138,401,700	128,738,064	(9,663,636)	-7%
Expenditures	138,816,400	129,417,593	(9,398,807)	-7%
Net Result	(414,700)	(679,529)	(264,829)	
Self-Supporting Activities Revenue	189,013,900	192,128,886	3,114,986	2%
Expenditures	184,470,900	188,824,725	4,353,825	2%
Net Result	4,543,000	3,304,161	(1,238,839)	
Service Departments Revenue	113,889,900	110,373,779	(3,516,121)	-3%
Expenditures	113,078,000	113,514,683	436,683	0%
Net Result	811,900	(3,140,904)	(3,952,804)	

(a) General Revenue Funds are held in the State's Treasury and funds are released when vouchered; therefore, revenue matches expenditures.

(b) Includes lapse period dollars.

(c) Grants and Contracts - Revenues received from external sources match expenditures over the life of the grant.

Numbers are rounded to the nearest hundred.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU Carbondale
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations Expenditures	101,830,500	91,609,400	(10,221,100)	-10% (1)
Income Fund				
Revenue	96,004,500	100,419,000	4,414,500	5% (2)
Expenditures	88,915,200	90,937,900	2,022,700	2%
Net Result	7,089,300	9,481,100	2,391,800	
Grants and Contracts Expenditures	72,925,400	75,852,200	2,926,800	4%
Indirect Cost Recovery				
Revenue	3,537,900	3,766,042	228,142	6%
Expenditures	2,999,700	3,796,393	796,693	27%
Net Result	538,200	(30,350)	(568,550)	
Revenue Bond Operations				
Revenue	54,474,300	47,422,364	(7,051,936)	-13% (3)
Expenditures	55,714,400	49,512,293	(6,202,107)	-11% (4)
Net Result	(1,240,100)	(2,089,929)	(849,829)	
Self-Supporting Activities				
Revenue	66,472,600	62,200,586	(4,272,014)	-6% (5)
Expenditures	69,676,100	63,920,525	(5,755,575)	-8% (6)
Net Result	(3,203,500)	(1,719,939)	1,483,561	
Service Departments				
Revenue	68,435,500	60,400,579	(8,034,921)	-12% (7)
Expenditures	67,592,000	64,071,082	(3,520,918)	-5% (7)
Net Result	843,500	(3,670,504)	(4,514,004)	

(1) Decrease due to reduction in FY18 appropriated funding.

(2) Increase in Income Fund (tuition) revenue is primarily due to growth in distance education and collections of past due accounts receivable.

(3) Decrease due to lower student occupancy in the fall semester and lower enrollment impacting other auxiliary operations.

(4) Decrease due to reduced expenditures because of lower student occupancy in the fall semester.

(5) Decrease due to lower student enrollment reducing student fee revenue.

(6) Decrease due to self-insurance student medical benefit plan being phased out in favor of an outside vendor.

(7) Decreases due to a decrease in facility and infrastructure improvements in FY18.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIUC School of Medicine
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations				
Expenditures	37,387,600	33,505,400	(3,882,200)	-10% (1)
Income Fund				
Revenue	11,846,700	(1,410,600)	(13,257,300)	-112% (2)
Expenditures	6,392,200	4,766,300	(1,625,900)	-25% (2)
Net Result	5,454,500	(6,176,900)	(11,631,400)	
Grants and Contracts				
Expenditures	12,863,300	14,035,300	1,172,000	9%
Indirect Cost Recovery				
Revenue	8,783,100	21,717,700	12,934,600	147% (2)
Expenditures	3,987,700	8,312,700	4,325,000	108% (3)
Net Result	4,795,400	13,405,000	8,609,600	
Revenue Bond Operations				
Revenue	40,104,600	38,199,200	(1,905,400)	-5%
Expenditures	40,016,000	38,153,300	(1,862,700)	-5%
Net Result	88,600	45,900	(42,700)	
Self-Supporting Activities				
Revenue	78,145,100	83,693,900	5,548,800	7%
Expenditures	77,289,800	85,357,600	8,067,800	10% (4)
Net Result	855,300	(1,663,700)	(2,519,000)	
Service Departments				
Revenue	14,929,200	16,296,000	1,366,800	9%
Expenditures	14,274,300	15,788,300	1,514,000	11%
Net Result	654,900	507,700	(147,200)	

(1) Decrease due to reduction in FY18 appropriated funding.

(2) The FY17 Stop Gap II funds, not received until FY18 (July 17th), were shown as an increase to Income Fund and not as a reimbursement to Indirect Cost (IDC) which is where the state shortfall was originally covered. In FY18, this adjustment has been reversed to more accurately reflect revenue reimbursement to IDC. Total operating revenue did not change. Apart from the transfer noted above, actual tuition and fees revenue is similar from FY17 to FY18.

(3) Increase in order to restore Income Fund to a positive cash balance.

(4) Increase due to growth in Federally Qualified Health Center, an increase in medical malpractice premiums and increase in rental of real property.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU Edwardsville
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations				
Expenditures	58,454,900	53,816,500	(4,638,400)	-8% (1)
Income Fund				
Revenue	101,913,900	107,548,700	5,634,800	6%
Expenditures	79,712,100	101,285,600	21,573,500	27% (2)
Net Result	22,201,800	6,263,100	(15,938,700)	
Grants and Contracts				
Expenditures	52,430,100	57,110,800	4,680,700	9% (3)
Indirect Cost Recovery				
Revenue	2,946,900	2,560,100	(386,800)	-13%
Expenditures	2,627,700	2,967,300	339,600	13%
Net Result	319,200	(407,200)	(726,400)	
Revenue Bond Operations				
Revenue	43,822,800	43,116,500	(706,300)	-2%
Expenditures	43,086,000	41,752,000	(1,334,000)	-3%
Net Result	736,800	1,364,500	627,700	
Self-Supporting Activities				
Revenue	43,088,200	44,501,900	1,413,700	3%
Expenditures	36,066,100	38,258,400	2,192,300	6% (4)
Net Result	7,022,100	6,243,500	(778,600)	
Service Departments				
Revenue	29,173,800	32,122,500	2,948,700	10% (5)
Expenditures	29,671,600	31,728,400	2,056,800	7% (5)
Net Result	(497,800)	394,100	891,900	

(1) Decrease due to reduction in FY18 appropriated funding.

(2) Increase due to lower expenses in FY17, FY17 & FY18 salary increases, scholarship funding, increase in utilities and deferred maintenance projects, and equipment purchases.

(3) Increase due to ISAC allowing more students to become eligible for MAP.

(4) Increase due to salary increases and shifts of state salaries and utilities expenses.

(5) Increase due to delayed FY17 utility billings, salary increases, and facilities projects.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU Administration
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations				
Expenditures	1,941,500	1,978,900	37,400	2% (1)
Income Fund				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Grants and Contracts				
Expenditures	0	0	0	0%
Indirect Cost Recovery				
Revenue	72,200	71,600	(600)	-1%
Expenditures	101,300	107,100	5,800	6%
Net Result	(29,100)	(35,500)	(6,400)	
Revenue Bond Operations				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Self-Supporting Activities				
Revenue	40,600	15,700	(24,900)	-61% (2)
Expenditures	17,300	14,100	(3,200)	-18%
Net Result	23,300	1,600	(21,700)	
Service Departments				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	

(1) Increase due to shifts between UWS and President Office accounts.

(2) Decrease due to the timing of reimbursement.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

SIU FINANCIAL PERFORMANCE - COMPARATIVE STATEMENT

SIU University Wide Services
Statement of Financial Performance for Fiscal Year 2018

Major Fund Groups	Comparison to the Prior Fiscal Year			
	FY 2017	FY 2018	\$ Change	% Change
Appropriations				
Expenditures	1,600,400	1,268,000	(332,400)	-21% (1)
Income Fund				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Grants and Contracts				
Expenditures	0	0	0	0%
Indirect Cost Recovery				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Revenue Bond Operations				
Revenue	0	0	0	0%
Expenditures	0	0	0	0%
Net Result	0	0	0	
Self-Supporting Activities				
Revenue	1,267,400	1,716,800	449,400	35% (2)
Expenditures	1,421,600	1,274,100	(147,500)	-10%
Net Result	(154,200)	442,700	596,900	
Service Departments				
Revenue	1,351,400	1,554,700	203,300	15%
Expenditures	1,540,100	1,926,900	386,800	25%
Net Result	(188,700)	(372,200)	(183,500)	

(1) Decrease due to shifts between UWS and President Office accounts.

(2) Increase due to the timing of reimbursement.

Cash basis accounting except for Revenue Bond Operations, which are on modified accrual basis.

APPENDIX

DESCRIPTION OF MAJOR FUND GROUPS

Appropriated Fund

State appropriated funds include General Revenue Funds and Other State Funds, both of which come from Illinois tax dollars.

Income Fund

Income Fund revenue includes tuition revenue, off-campus program revenue, interest earnings on income fund deposits, and certain miscellaneous fee revenue. Tuition revenue is a direct result of student enrollment, student residency, credit hours, and tuition rates. Off-campus program revenue is based on charges sufficient to cover all instructional and administrative costs of the programs. LAC guidelines require that certain fee revenue such as application fees, course-specific fees and graduation fees be deposited into the income fund.

Grants and Contracts

Grants and contracts include funds received from governmental entities and private foundations and corporations for the support of various research projects, instructional and training programs, public service activities, student financial aid, and other programs. The specific use of these funds is restricted by contractual agreement with the sponsoring agency. Generally, revenues will equal expenditures over the life of the grant or contract.

Indirect Cost Fund

Indirect cost funds are recovered as overhead allowances on grants and contracts. They are used to help cover a share of expenses for such items as operation and maintenance, library services, sponsored project administration and general administration.

Revenue Bond

Operations of revenue bond financed facilities are reported in this fund group. Revenue Bond enterprises are funded primarily from student fees, operating charges, and sales and services of various activities and include such facilities as residence halls, student centers, and student recreation centers.

Self-Supporting Activities

Self-Supporting Activities include a wide range of operations, which are directly related to Instructional, Research, or Public Service units or support the overall objectives of the University. They may be Self-Supporting in whole or in part. Revenue is generally derived through student fees or sales of services. Examples include Shryock Auditorium, textbook services and athletic fees.

Service Departments

Service Departments provide specific types of services to University departments and are supported by internal charges to using departments. Such services might be purchased from outside sources but for reasons of convenience, cost or control are often provided more effectively by an in-house service department.

SOUTHERN ILLINOIS UNIVERSITY SYSTEM

ANNUAL DEBT COMPLIANCE REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2018

Pursuant to its responsibilities as set forth in the Debt Compliance Policy (the "Policy") adopted by the Southern Illinois University System (the "University"), the Compliance Committee has conducted the annual review required by the Policy and has prepared this report to determine whether Debt (as defined in the Policy) complies with covenants and other ongoing requirements applicable to each issue of Debt. The following sets forth a summary demonstrating the University's compliance with such covenants and requirements.

RECORDS

The Office of the Vice President for Financial and Administrative Affairs has all of the records required under the Debt Compliance Policy.

TAX COMPLIANCE

(a) *Arbitrage Rebate Liability.* At this time, the University does not have any rebate liability to the U.S. Treasury.

(b) *Contract Review.* All contracts and agreements of the University, including any leases, with respect to the use of any property owned by the University and acquired, constructed or otherwise financed or refinanced with the proceeds of the Debt and other records have been reviewed. At this time, each issue of the Debt complies with the federal tax requirements applicable to such issue, including restrictions on private business use and private loans.

(c) *IRS Examinations or Inquiries.* The Internal Revenue Service (the "IRS") has not commenced an examination of any issue of Debt. The IRS has not requested a response to a compliance check, questionnaire or other inquiry.

CONTINUING DISCLOSURE

(a) The agreements of the University with respect to each issue of Debt have been reviewed to determine whether the Annual Financial Information and Audited Financial Statements were filed in a timely manner. All such information was filed within the times required by all Undertakings.

(b) All Reportable Event Disclosure made this year have been reviewed.

The following Reportable Event Disclosure was made in a timely manner:

On July 27, 2017, S&P Global Ratings upgraded Southern Illinois University's ratings to "BB+" from "BB" on its Housing and Auxiliary Facilities System Revenue Bonds and Certificates of Participation.

The following Reportable Event occurred and disclosure was not made in a timely manner, but has been remedied as follows:

On January 17, 2018, Moody's Investor Service downgraded National Public Finance Guaranty Corp. (NPF) rating to "Baa2" from "A3". The Series 1993A Bonds, Series 1997A Bonds, Series 1999A Bonds and Series 2006A Bonds are insured by NPF. The University's financial advisor failed to provide notification of the bond insurer's credit rating downgrade. The violation was subsequently identified as part of an annual review process completed by the SIU System Treasury Office. The event was reported and filed with the Municipal Securities Rulemaking Board via EMMA on October 10, 2018.

Other Covenants and Requirements

Except as described in this Report, all issues of Debt are in compliance with all other covenants and other ongoing requirements applicable to each such issue under the related Debt documents. Based upon the foregoing, no further action is necessary at this time.

Compliance with Policy

Except as described in this Report, all issues of Debt are in compliance with all requirements of the Debt Compliance Policy applicable to each such issue. Based upon the foregoing, no further action is necessary at this time.

Effectiveness of the Policy

The Compliance Committee has consulted with other staff, counsel, the municipal advisor and other professionals in order to evaluate the effectiveness of the Policy. The Compliance Committee has no recommendations for change in the Policy.


Board Treasurer

11.27.18
Date

Names and Titles of Members of the Compliance Committee:

- Duane Stucky, Board Treasurer
- Tina Galik, Assistant Treasurer
- David Uffelman, Debt Finance Specialist
- Luke Crater, General Counsel