
APPENDIX A

**THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF ILLINOIS**

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THE UNIVERSITY OF ILLINOIS

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THE UNIVERSITY OF ILLINOIS

Background

The Board of Trustees of the University of Illinois (the "Board") is a body corporate and politic of the State of Illinois (the "State") created in 1867 by the Illinois General Assembly in response to the Federal Land Grant Act of 1862. The Board is responsible for the oversight and governance of the University of Illinois (the "University"), one of the nation's largest universities. Complementing the University's primary missions of education, research and public service is the University's role as an agent of economic development. The operating budget for fiscal year 2009 from all funding sources was approximately \$4.2 billion.

Education. The University has three campuses located in Urbana-Champaign, Chicago and Springfield, as well as health professions sites in Rockford, Peoria and Urbana, with a combined total enrollment of 69,678 on-campus students in the fall 2008. In addition, the University has continuing education centers in suburban and downstate Illinois, extension offices in most of the State's 102 counties, a major teaching hospital, clinics and research farms. Headcount enrollment at the campus of the University of Illinois at Urbana-Champaign (the "Urbana campus" or "Urbana") totaled 41,379. Head count enrollment at the campus of the University of Illinois at Chicago (the "Chicago campus" or "UIC") totaled 25,243. Head count enrollment at the campus of the University of Illinois at Springfield (the "Springfield campus" or "UIS") totaled 3,056. Nearly 81 percent of all students are Illinois residents. The University awarded 18,586 undergraduate, graduate and professional degrees in 2007-2008.

There are 5,726 (full-time equivalent) faculty on the three campuses, including more than 100 current members of the National Academy of Sciences, the American Academy of Arts and Sciences, and the National Academy of Engineering. Since 2000, 44 Urbana faculty have been named fellows of the American Association for the Advancement of Science. The University's faculty and alumni have won 22 Nobel prizes, including John Bardeen who won in 1956 and 1972, the only person to have won the physics prize twice. The Urbana campus had two faculty members win Nobel Prizes in the same year: Paul C. Lauterbur shared the 2003 Nobel Prize in medicine for seminal discoveries concerning the use of magnetic resonance to visualize different structures and Anthony J. Leggett shared the 2003 Nobel Prize in physics for pioneering contributions to the theory of superconductors and super fluids. The University has had seventeen National Medal of Science recipients on its faculty, including microbiologist Carl Woese, whose discovery of a third form of life was recognized with a Crafoord Prize in 2003. More than 45 faculty in Chicago and Urbana are listed on the ISI highly cited publications list, indicating significant contributions to advancement of science and technology through fundamental, referenced research.

The three campuses of the University offer a diversity of programs that lead to baccalaureate, graduate and professional degrees as well as certificates. The University offers professional programs through the colleges of dentistry, law, medicine, pharmacy and veterinary medicine. The University is one of only four universities in the nation with a school of public health and five health sciences colleges: applied health sciences, dentistry, medicine, nursing and pharmacy.

Research. The University is a nationally ranked, research intensive institution as ranked by the Carnegie Foundation. Total research expenditures now top \$570 million annually on the three campuses. The Urbana campus attracts more than \$320 million in federal support, and the Chicago campus attracts more than \$245 million. Because of its strong medical and healthcare research programs, over 68% percent of support to the Chicago campus comes from the National Institutes of Health. UIS attracted nearly \$3 million in support, primarily from the Department of Education for distance learning and to help address teacher shortages in the State.

The knowledge being generated and transmitted through University research has far-reaching implications for health, engineering, agriculture, business and basic research. Recent developments include:

- In August 2007, the National Science Board authorized the National Science Foundation to fund a "leadership-class" supercomputer at the National Center for Supercomputing Applications (NCSA) on the Urbana campus. Long a leader in high-performance computing, NCSA is expected to receive \$208 million over 4.5 years to acquire and make available to the national

research community a petascale computer that is 500 times more powerful than today's supercomputers.

- The UIC College of Nursing received a \$4.1 million federal grant to develop ways to improve the early growth and development of premature infants who have two or more social-environmental risks such as poverty or minority status. The grant is funded by the National Institute of Child Health and Human Development, part of the National Institutes of Health, and the National Institute of Nursing Research.
- Researchers on the Urbana campus, in collaboration with researchers at Lehigh University and Purdue University, have developed an approach that uses dense arrays of aligned and linear nanotubes as a thin-film semiconductor material suitable for integration into electronic devices. The aligned arrays represent an important step toward large-scale integrated nanotube electronics that can be used in flexible devices for which silicon is not well suited.
- The world's most powerful medical magnetic resonance imaging machine, the 9.4 Tesla at UIC, successfully completed safety trials in late 2007. Researchers and physicians hope that the system – the first one large enough to scan the head and visualize the human brain – will soon provide a real-time view of biological processes in the human brain.
- A research team led by UIC researcher David Featherstone has discovered that sexual orientation in fruit flies is controlled by a previously unknown regulator of synapse strength. Armed with this knowledge, the researchers found they were able to use either genetic manipulation or drugs to turn the flies' homosexual behavior on and off within hours. The discovery was reported in the media worldwide.
- A team of plant geneticists and crop scientists, including several on the Urbana campus, has pioneered an economical approach to the selective breeding of maize that can boost levels of provitamin A, the precursors that are converted to vitamin A upon consumption. Vitamin A deficiency is a leading cause of eye disease and other health disorders in the developing world. The innovation could help to enhance the nutritional status of millions of people in the developing world.
- The Springfield campus won a national award for Excellence in Institution-Wide Online Teaching & Learning Programming from the Sloan Consortium in late 2007. The campus was cited for its leadership in advancing online education. Almost half of UIS' students are taking at least one course online (fall 2008 semester).
- The Global Campus launched its website in October 2007 and began offering degree programs in January 2008. Degree programs are offered in partnership with academic units on the three campuses.

The University has expanded its investment in research and development capabilities and has a greater emphasis on the transfer of those ideas to the marketplace. The University of Illinois has research parks located on the Urbana and Chicago campuses. Among the companies housed in the Urbana research park are Yahoo!, State Farm's research center, Semprius and iCyt. Located in the Illinois Medical District, the Chicago Technology Park (CTP) on the UIC campus has a life-science focus and includes such firms as HumanZyme USA, Novadrag, LLC and BioChem Analysis. CTP is a collaborative effort among the University, Rush University Medical Center and Cook County Health Services.

New facilities continue to enhance the resources on the University's three campuses. In 2007, the Urbana campus opened the \$75-million Institute for Genomic Biology (IGB) funded completely from State dollars. IGB advances life science research and stimulates bio-economic development in the State. In 2008, the Urbana campus opened the \$60 million Business Instructional Facility. The environmentally friendly facility has 18 state of the art classrooms, career development and counseling centers, a recruitment suite and a 300-seat auditorium. In time for

the 2007-08 academic year, the new Stukel Towers opened, offering an enhanced residential experience to UIC students. Dedicated in early 2008, the UIC Forum is considered a gateway to the campus and a venue for a variety of events. On the Springfield campus, the state-of-the-art Recreation and Athletic Center, dedicated in 2007, includes a 3,000-seat gymnasium with three collegiate-length basketball and volleyball courts, an elevated running track, cardio/weight training areas and a multi-purpose exercise room.

Economic Development. As both an employer and a consumer, the University has a direct, annual economic impact of more than \$4.6 billion on the State of Illinois and makes an additional impact through its role as a creative force that generates new ideas. This role encompasses the three central missions of the University and engages it with the economic life of the State and nation. The University is working closely with Illinois leaders in government and business on three primary research efforts within the University that will have a significant impact on the Illinois economy. They are:

- NCSA and the engineering and computer science fields that support information technology
- Biotechnology in the agriculture and life sciences
- Biotechnology in the health sciences

Existing strengths and major new capital investments in these areas by the State and private donors have positioned the University to leverage these strengths in the future.

Public Service. The University has a longstanding commitment to the communities it serves. Through its outreach units and programs, University faculty and staff provide expertise and resources in business and management, education, natural resources, health, engineering, and the arts. The University organizes and runs hundreds of public services activities around the State, which are cataloged in the University's public service database (ness2.uic.edu/UI-Service/).

Each campus has an Office of Continuing Education. Across the University, credit and non-credit courses, degree programs, online courses, conferences, professional development, University summer session classes and programs for older adults are offered. The University of Illinois Extension on the Urbana campus provides practical, research-based information and programs to help individuals, families, farms, businesses and communities throughout Illinois.

Urbana-Champaign Campus (Urbana)

The Urbana campus is the oldest and largest campus of the University, enrolling more than 41,000 students each year in a wide variety of undergraduate, graduate and professional programs offered by the colleges of agricultural, consumer and environmental sciences; applied health sciences; business; media; education; engineering; fine and applied arts; law; liberal arts and sciences; and veterinary medicine. Urbana also has schools of library and information sciences and social work, an institute for labor and industrial relations and an institute of aviation. The campus is internationally known for its leading-edge research programs, outstanding faculty, top-tier alumni and its many contributions to the State of Illinois, the United States and the world.

The Urbana campus has an on-campus enrollment of 41,379 students (fall 2008) with degrees conferred on 11,067 students in FY08. First-professional degrees are offered in two fields, doctorates in 89 fields, post-master's certificates in eight fields, master's degrees in 118 fields, bachelor's degrees in 113 fields, and one two-year certificate in aviation.

The Urbana campus is the home of more than 150 research laboratories, institutes and experiment stations, including the Institute for Genomic Biology, Beckman Institute for Advanced Science and Technology, the Center for Nanoscale Science and Technology, the National Soybean Research Laboratory and the National Center for Supercomputing Applications. Ranked third in the US after Harvard and Yale, Urbana has the largest public university academic library in the country with more than 40 departmental libraries located across the campus.

Urbana is also the headquarters of University of Illinois Extension programs in which more than 2.7 million Illinois residents participated.

Urbana is consistently ranked highly by a variety of publications. The 2009 rankings from *U.S. News & World Report* include a fourth-place ranking overall for undergraduate engineering programs with agricultural engineering and civil and materials engineering ranked first. Business programs are ranked thirteenth in the US with accountancy second, insurance seventh, and real estate eighth. For graduate programs, the College of Engineering is ranked fifth, the College of Education ranked twenty-fifth and the College of Law ranked twenty-seventh. Numerous programs are highly ranked at both the undergraduate and graduate level by *U.S. News*. *SmartMoney* magazine recently ranked the Urbana Campus as the #7 value in the nation.

The Urbana campus is also home to seven international studies centers that are designated by the U.S. Department of Education as National Resource Centers, a distinction that comes with grant support for activities. Illinois is the only U.S. institution of higher education ranking in the top ten in the three key metrics of international education: international student enrollment, total number of study abroad students, and the number of federally-funded Title VI National Resource Centers for international and area studies.

Forty-five faculty members at the Urbana campus are or were named to the National Academy of Sciences, 64 to the National Academy of Engineering, and 39 to the American Academy of Arts and Sciences. More than 135 faculty are or were named fellows of the American Association for the Advancement of Science. Two faculty members have been awarded Pulitzer Prizes winners and 17 alumni (and one graduate of the university high school) have received this honor.

The Urbana campus was chartered in 1867 as one of the 37 original land grant universities. Today, the Urbana campus consists of 562 buildings (272 on the main campus), spread across 4,805 acres. Approximately 11,000 faculty, academic and civil service staff members are employed in Urbana. Near the campus are the University's 1,700-acre Willard Airport, the 1,800-acre Allerton Park and Conference Center, an antenna research site, a radio telescope, an optical telescope, and a radio direction finding and meteor radar site. The University also has about 100 acres of timber reserves located in four counties. Students can use the 70,000 computer connections across the campus and access the network in the more than 150 campus buildings that offer wireless connectivity. More than 75 percent of classrooms have wireless access and the campus expects to complete a five-year \$20 million network upgrade in 2009.

Chicago Campus (UIC)

The Chicago campus of the University of Illinois traces its origins to medical colleges that opened during the 1800s. The Chicago-based colleges of pharmacy, dentistry, and physicians and surgeons officially affiliated with the University of Illinois in 1896-97 and were incorporated into the university in 1913. A temporary, two-year branch campus of the university was established after World War II on Navy Pier and students completed their studies in Urbana. Demand in the city remained high and, in 1965, the Chicago Circle campus opened west of the Loop area, replacing the Navy Pier site.

UIC was formed in 1982 by the consolidation of the Medical Center and the Chicago Circle campuses of the University. The campus received Carnegie Research 1 status in 1987.

The Chicago campus occupies approximately 350 acres in a mid-city location southwest of Chicago's downtown business district. Including the Rockford and Peoria campuses of UIC brings the total acreage to more than 420 acres. Today, the Chicago campus has more than 15 million gross square feet in more than 130 buildings (including the regional campuses). Almost 100,000 square feet are devoted to research. Students have benefited from the construction and refurbishment of two student recreation and sports centers with a total of more than 240,000 gross square feet at a cost of more than \$45 million. In the fall of 2007, UIC opened the James J. Stukel Towers, a 750-bed residence hall, auditorium, office and retail space at a cost of \$124 million. Also newly dedicated is the UIC Forum, the newest university event venue located next door to Stukel Towers. The \$30 million Forum offers a large reception area, banquet space and conference rooms. Throughout the campus, 20 casual gathering spots furnished with couches and comfortable chairs have been established through Project Oasis.

UIC employs more than 11,000 faculty, professional and support staff. The Chicago campus has an on-campus enrollment of 25,243 students, almost 600 of whom are located at regional medical schools in Peoria, Rockford and Urbana. Degrees are conferred upon more than 5,900 students annually at the Chicago campus; 15,980 were conferred in FY08, including 558 students in first-professional degree programs. Degree programs are offered in 14 colleges and schools: applied health sciences; architecture and the arts; business administration; dentistry; education; engineering; the graduate college; liberal arts and sciences; medicine; nursing; pharmacy; the Jane Addams college of social work; urban planning and public affairs; and the school of public health. Doctorates are offered in 62 fields; master's degrees in 81 fields; first professional degrees in 3 fields; first-professional certificates in 10 fields; two post-baccalaureate certificates; and bachelor degrees in 77 fields.

UIC is the largest public university in the Chicago area and is a leader in health-related research. The UIC health sciences center is the largest institutional unit in Chicago's West Side Medical Center District. As an integral part of its research, instruction and public service program, the center operates a major teaching hospital and clinics, serving more than 125,000 inpatient days and over 447,000 outpatient visits annually. The average daily census of patients rose from 298 in FY01 to 344 in FY08. The University of Illinois College of Medicine is the largest medical school in the U.S. with a minority enrollment (excluding Asian/Pacific Islander) of approximately 22%. Other health science colleges include dentistry, applied health sciences, nursing and pharmacy and the school of public health.

UIC researchers procured nearly \$258 million in funding for the 2008-2009 academic year. The Chicago campus receives more than \$245 million in federal support for research, primarily from the National Institutes of Health, because of its strong medical and healthcare programs. The College of Pharmacy is ranked third in the nation in the percentage of pharmacy faculty who receive research funding from NIH. UIC is the fourth-ranked research-intensive university in the state and 55th nationally.

UIC's engagement with the Chicago metropolitan area is embodied in the Great Cities Commitment, an umbrella name for the hundreds of teaching, research and service programs that connect the campus with the community. Industry partnerships, internships, business and entrepreneurial development, infrastructure improvement and neighborhood revitalization are examples of how the campus' partnership with the city benefits urban neighbors as well as faculty and students.

Faculty members serve as heads of national associations and societies, are the recipients of national research, teaching and achievement awards, and are members of international and national honor societies. Thirteen faculty are listed among the most highly cited researchers in their fields.

Springfield Campus (UIS)

The University of Illinois at Springfield (UIS) is a small public university with innovative, high-quality liberal arts programs. UIS enrolls 3,056 on-campus students and 1,655 in online and off-campus courses in 21 bachelor's degree, 6 post-baccalaureate certificates, 20 master's degree programs, one post-master's certificate as well as one doctoral program in public administration. The campus awarded 1,539 degrees in 2008.

UIS is a national leader in online education. The campus received the 2007 Excellence in Institution-Wide Online Teaching and Learning Programming award from the Sloan Consortium, a group of institutions and organizations committed to quality online education. UIS offers eight bachelor's, one post-baccalaureate certificate, nine master's degrees and one post-master's certificate entirely online.

Academic programs range from traditional disciplines such as English, history, psychology and biology to more career-oriented concentrations such as business administration, management information systems and social work. UIS offers a four-year baccalaureate program for high-achieving students called the Capital Scholars Honors Program. In fall 2006, UIS became a four-year university when it began offering a general education curriculum for freshmen for the first time.

Norris L Brookens Library supports UIS with a collection of more than 540,000 volumes (including nearly 10,000 e-books); 2,600 periodical subscriptions; 4,000 films, DVDs and video tapes; 200,000 government

publications; approximately 100 databases providing tens of thousands of full-text journal articles and 1.8 million microforms; as well as maps, audio books and music CDs.

Other campus resources include the Public Affairs Center with the 2,000-seat Sangamon Auditorium performing arts center, conference facilities and the campus bookstore. The Health and Sciences Building houses the Visual Arts Gallery, science laboratories and a number of computer labs. The campus celebrated the opening of the new \$16.2 million Recreation and Athletic Center in fall 2007.

A three-story, environmentally friendly, 200-bed residence hall opened on the campus in the fall of 2008. The 62,000 gross-square-foot structure also will accommodate a bookstore and café.

The Center for State Policy and Leadership is instrumental in carrying out UIS's unique public affairs focus by identifying and addressing issues of state and national public policy and promoting governmental effectiveness and civic engagement. The Center offers a graduate public service internship program and hosts the annual Lincoln Legacy lecture series. Among the nine units of the center are *Illinois Issues* magazine, WUIS/WIPA public radio and the institute for legislative studies.

Global Campus

The Global Campus furthers the University of Illinois' land-grant mission by expanding educational opportunities for the Illinois community and beyond. The online campus, which enrolled its first students in early 2008, offers non-traditional and place-bound students the academic and career benefits of a University of Illinois education without the barriers of location and scheduled class times.

Global Campus classes are accelerated and last eight weeks, rather than the traditional 16 weeks for on-campus classes. All degree and certificate programs are created in collaboration with colleges and academic departments at the three residential campuses. Curricula are developed by University of Illinois faculty. Initial academic offerings were a degree-completion program in nursing, a graduate degree in e-learning, and two certificate programs in the foundations and management of e-learning.

Accreditations and Memberships

The University is fully accredited in all of its departments and divisions by the North Central Association of Colleges and Schools. In addition, University programs are individually accredited by more than 30 professional associations, including American Library Association, American Psychological Association, American Bar Association, American Veterinary Medical Association, and Association to Advance Collegiate Schools of Business. The University is a member of the American Council of Education and the Association of American Universities.

Board of Trustees and University Officers

The University is governed by the Board, which consists of eleven voting members, including one student member, and the Governor of the State of Illinois (the "State"), who serves as an ex-officio member, and two non-voting student members. The Board is responsible for the general supervision and management of the educational program and the lands, buildings and other properties of the University and the control of the revenues and expenditures in support thereof.

The following persons are members or officers of the Board of Trustees:

<u>Name</u>	<u>Trustees of the Board</u>	<u>Current Term Started</u>	<u>Current Term Ending</u>
Rod R. Blagojevich	Governor of the State of Illinois	<i>Ex-Officio</i>	<i>Ex-Officio</i>
Devon C. Bruce	Appointed Board Member	2003	2009
Frances G. Carroll, Ed.D.	Appointed Board Member	2005	2011
David V. Dorris	Appointed Board Member	2005	2011
Lawrence C. Eppley	Appointed Board Member	2007	2013
James D. Montgomery, Sr.	Appointed Board Member	2007	2013
Kenneth D. Schmidt, M.D.	Appointed Board Member	2005	2011
Niranjan S. Shah	Appointed Board Member	2003	2009
Robert Y. Sperling	Appointed Board Member	2003	2009
Robert F. Vickrey	Appointed Board Member	2007	2013
Paul D. Schmitt	Student Member	2008	2009
James A. Winters	Student Member ⁽¹⁾	2008	2009
D. Craig McFarland	Student Member	2008	2009

(1) Voting member

<u>Name</u>	<u>Officers of the Board</u>
Lawrence C. Eppley	Chairman of the Board
Michele M. Thompson	Secretary of Board
Walter K. Knorr	Comptroller of Board
Lester H. McKeever, Jr.	Treasurer of Board
Thomas R. Bearrows	University Counsel

The principal individuals responsible for the operations of the University are:

B. Joseph White, Ph.D., President. The Board named B. Joseph White as president of the university in November 2004 and he assumed the presidency in early 2005. As president, he serves as the chief executive officer of the University responsible for formulating and implementing University-wide strategies under the direction of the Board. A Michigan native, Dr. White received a bachelor's degree, magna cum laude, in international economics from the Georgetown University School of Foreign Service and an MBA with distinction from Harvard University. He received his doctorate in business administration from the University of Michigan, Ann Arbor, where he first joined the faculty as assistant professor of organizational behavior and industrial relations in 1975. At the University of Michigan he served as associate professor, associate dean in the University of Michigan Business School, interim dean, president of the University of Michigan William Davidson Institute, dean of the business school and interim university president in 2002.

While he was dean of the University of Michigan Business School, the school achieved a number of top rankings in its programs, increased its annual fundraising from \$5.5 million to \$26.5 million and increased the value of its endowment from \$35 million to \$260 million. Dr. White's private-sector experience includes six years at Cummins Engine Co., first as vice president for management development and then as vice president for personnel and public affairs. On a leave of absence from the University of Michigan in 2003, Dr. White assisted the Fred Alger Management Co. in its recovery from the September 11, 2001, attacks on the World Trade Center. Alger lost many of its investment team members in the attacks.

Among White's primary focuses since taking office have been development of a strategic plan, launching the Brilliant Futures campaign, and forging what he calls a "compact" among five principal parties to provide the resources needed to ensure excellence. The compact partners include the state, tuition payers and their families, faculty members, donors and University leadership. He is the author of "The Nature of Leadership: Reptiles, Mammals, and the Challenge of Becoming a Great Leader" (AMACOM Press, 2007).

Paula Allen-Meares, Ph.D., Chancellor, Chicago. Paula Allen-Meares was named Chancellor effective January 15, 2009. As chancellor, she will be the chief executive officer of the Chicago campus and will be responsible for implementing the plans and strategies set forth by the president of the University and the Board. Prior to being named chancellor, Dr. Allen-Meares was dean of the School of Social Work at the University of Michigan since 1993 and was the Norma Radin Collegiate Professor of Social Work and professor of education at that university. Prior to joining the University of Michigan, she was a professor and dean of the School of Social Work at the University of Illinois at Urbana-Champaign, where she received her master's and doctoral degrees. She earned her bachelor's degree at the University of New York at Buffalo.

Richard Herman, Ph.D., Chancellor, Urbana-Champaign. Richard Herman was named interim chancellor in June 2004 and was appointed permanent chancellor in May 2005. As chancellor, Dr. Herman is the chief executive officer of the Urbana-Champaign campus and is responsible for implementing the plans and strategies set forth by the president of the University and the Board. He came to the Urbana-Champaign campus in 1998 as provost and vice chancellor for academic affairs. He had served as dean of the College of Computer, Mathematical and Physical Sciences at the University of Maryland, College Park, from 1990 to 1998, and chair of the Department of Mathematics at Pennsylvania State University from 1986 to 1990. He received his bachelor's degree cum laude from the Stevens Institute of Technology and a Ph.D. in mathematics from the University of Maryland.

Richard D. Ringeisen, Ph.D., Chancellor, Springfield. Richard Ringeisen began serving the Springfield campus as chancellor in April 2001, after serving as vice chancellor for academic affairs at East Carolina University, Greenville, North Carolina. As chancellor, he is the chief executive officer of the Springfield campus and is responsible for implementing the plans and strategies set forth by the president of the University and the Board. Dr. Ringeisen received a bachelor's degree in math and chemistry from Manchester College in Indiana and a master's degree and a Ph.D. in mathematics, with a specialty in graph theory, from Michigan State University. Before joining East Carolina, Dr. Ringeisen was dean of the College of Sciences and professor of mathematics and computer science at Old Dominion University. He also served for 14 years on the faculty at Clemson University in South Carolina. For a year in the late 1970s, Dr. Ringeisen was scientist-in-residence at the Aerospace Medical Research Laboratory at Wright-Patterson Air Force Base. His previous academic appointments include assistant professor at Colgate University and assistant professor and associate professor at Indiana University-Purdue University at Fort Wayne.

Thomas R. Bearrows, JD, University Counsel. Thomas R. Bearrows joined the University of Illinois in 1997 and is responsible for the management of the University's legal affairs at all three campuses. Prior to joining the University, he spent 13 years in private practice with a Chicago law firm. He received his undergraduate and law degrees from the University of Illinois and a master's degree in public policy from Harvard University. In addition to his work for the University, Mr. Bearrows serves as counsel for the Alumni Association and the University of Illinois Foundation.

Avijit Ghosh, Ph.D., Vice President for Technology and Economic Development. Avijit Ghosh began serving as vice president for technology and economic development on January 1, 2008. Dr. Ghosh is the former dean of the College of Business on the Urbana campus. He received his B.S. from the University of Calcutta and his M.A. and Ph.D. from University of Iowa. As vice president, he is the senior officer responsible for technology commercialization and economic development for the University of Illinois system. In this role, he also serves as the principal of the member for the University's limited liability companies: IllinoisVENTURES, LLC and the University of Illinois Research Park, LLC and the director of the Research Park at the University of Illinois.

Thomas P. Hardy, M.S., Executive Director, University Relations. Thomas Hardy joined the University of Illinois in 2002 as executive director of the Office for University Relations. Under Hardy's leadership, University Relations develops and executes strategic communications programs, provides public affairs and marketing assistance to university-wide offices, and coordinates activities and responses with the Public Affairs offices on the

three campuses. A former journalist and public affairs consultant, Hardy served as press secretary to former Illinois governor Jim Edgar and worked for the Chicago Tribune for two decades, spending ten years as the Chicago-based political writer and columnist, covering local and state election campaigns and state legislative affairs. Immediately prior to joining university administration, Hardy worked in the Chicago office of Burson-Marsteller, a global public relations firm. He earned a B.A. from Ripon College and an M.S. from Northwestern University.

Walter K. Knorr, B.S., Vice President/Chief Financial Officer and Comptroller. Walter K. Knorr was appointed vice president/chief financial officer (CFO) and Comptroller in January 2007. The CFO serves as the senior University executive officer responsible for the operation of all financial functions for the University, including budget execution, financing and execution of all capital projects. Together with the vice president for academic affairs and senior staff in planning and administration, the CFO is responsible for budget development. The CFO serves as treasurer of the University of Illinois Foundation and in an ex officio capacity with the University of Illinois Alumni Association. The comptroller is an officer of the Board and approves all expenditures for which a general or specific appropriation has been made by the Board and signs contracts to which the University is a party. He served as comptroller of Cook County and as CFO and comptroller for the City of Chicago. He has also held senior positions at major financial firms and was a principal at a major audit firm. Mr. Knorr has a bachelor's degree from Wittenberg University and is a Certified Public Accountant.

Mrinalini Chatta Rao, Ph.D., Vice President for Academic Affairs. Mrinalini "Meena" Chatta Rao was appointed vice president for academic affairs in May 2007. The vice president for academic affairs is responsible for defining and shaping strategic academic priorities and directions for the University of Illinois, providing advice on important academic policy issues and helping support key academic initiatives. Dr. Rao served as vice provost for faculty affairs on the Chicago campus from 2002 until her appointment as vice president. Her field of academic research is physiology and biophysics in the College of Medicine and she has a joint appointment with the Department of Medicine. Dr. Rao has been at the Chicago Campus since 1984. Dr. Rao earned her bachelor's and master's degrees in botany from the University of Delhi, India, and a diploma in molecular biochemistry from the Indian Institute of Science in Bangalore. She received her master's and doctorate in cellular and molecular biology from the University of Michigan.

Richard M. Schoell, M.A., Executive Director, Governmental Relations. Richard M. Schoell has been the executive director of the Office of Governmental Relations since 1999. He also serves as the director of federal relations for the University of Illinois, a role he has held since 1987. Schoell and his staff are responsible for developing and implementing government relations efforts on local, county, state and federal issues. He received a bachelor's degree and master's degree from the University of Iowa.

Michele M. Thompson, Ph.D., Secretary, Board of Trustees. Michele M. Thompson has served as the secretary of the University of Illinois Board of Trustees since 1990. As the secretary she is responsible for communications with the Board members and execution of official documents and also serves as the keeper of the official proceeding of the Board. She was the first woman to serve as a General Officer of the university. Dr. Thompson received her Ph.D. in sociology from the State University of New York at Buffalo and bachelor and master of arts degrees from the University of Missouri at Kansas City.

Financial Condition of the University

The financial statements of the University are presented in accordance with accounting principles generally accepted in the United States of America.

During Fiscal Year 2002, the University adopted GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by (a) GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and (b) GASB Statement No. 38, Certain Financial Statement Note Disclosures (collectively, the "New Financial Reporting Model"). These statements establish standards for public college and university financial statements that focus on aggregate operations, versus the previous standards that focused on the accountability of individual fund groups.

Statement of Net Assets

The following table summarizes the University's assets and liabilities at June 30, 2008, 2007, and 2006:

Statement of Net Assets (in 000's)

	<u>Fiscal Year Ended June 30, 2008</u>	<u>Fiscal Year Ended June 30, 2007</u>	<u>Fiscal Year Ended June 30, 2006</u>
Current Assets:			
Cash and cash equivalents	\$ 357,503	\$ 281,621	\$ 206,549
Cash and cash equivalents, restricted	289,811	365,395	180,516
Investments	7,450	4,490	21,274
Investments, restricted	141,698	48,851	70,978
Accrued investment income	5,039	5,091	5,228
Accounts receivable, net of allowance for uncollectible	368,459	356,959	326,248
Receivable from State of Illinois General Revenue Fund	1,355	1,577	929
Notes receivable, net of allowance for uncollectible	7,489	10,998	14,062
Accrued interest on notes receivable	2,931	2,895	3,011
Inventories	28,795	27,542	25,232
Prepaid expenses and deferred charges	25,934	21,046	16,741
Due from related organizations	1,325	3,054	2,898
	<hr/>	<hr/>	<hr/>
Total Current Assets	\$ 1,207,789	\$ 1,129,519	\$ 873,666
Noncurrent Assets:			
Investments	\$ 340,524	\$ 339,340	\$ 353,934
Investments, restricted	261,281	235,904	262,184
Notes receivable, net of allowance for uncollectible	55,305	50,349	42,086
Real estate and farm properties	13,766	14,060	13,468
Prepaid expenses	10,364	10,349	8,849
Due from related organizations	1,232	3,577	6,774
Capital assets, net of accumulated depreciation	3,240,155	3,109,396	2,969,989
Other assets	12,777	12,851	6,137
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	\$ 3,935,404	\$ 3,775,826	\$ 3,663,421
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 5,143,193	\$ 4,905,345	\$ 4,537,087

	Fiscal Year Ended <u>June 30, 2008</u>	Fiscal Year Ended <u>June 30, 2007</u>	Fiscal Year Ended <u>June 30, 2006</u>
Current Liabilities:			
Accounts payable and accrued liabilities.....	\$ 271,804	\$ 216,797	\$ 158,681
Accrued payroll.....	132,453	119,267	115,608
Accrued compensated absences, current portion...	17,048	16,761	16,671
Accrued self insurance, current portion.....	48,591	39,761	34,105
Deferred revenue and student deposits.....	156,521	148,277	141,275
Accrued interest payable	17,248	17,191	13,648
Bonds payable, current portion	126,807	31,243	29,133
Leaseholds payable and other obligations, current portion.....	25,942	34,285	32,691
Assets held for others	35,646	32,530	28,634
	<u>\$ 832,060</u>	<u>\$ 656,092</u>	<u>\$ 570,446</u>
Noncurrent Liabilities:			
Bonds payable.....	\$ 1,005,489	\$ 1,060,804	\$ 805,579
Leaseholds payable and other obligations	625,458	463,755	492,332
Accrued compensated absences	196,260	192,421	190,636
Accrued self insurance	128,577	116,417	108,109
	<u>\$ 1,955,784</u>	<u>\$ 1,833,397</u>	<u>\$ 1,596,656</u>
Total Liabilities.....	<u>\$ 2,787,844</u>	<u>\$ 2,489,489</u>	<u>\$ 2,167,102</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 1,834,721	\$ 1,842,039	\$ 1,834,372
Restricted:			
Nonexpendable	46,743	51,345	45,520
Expendable	396,220	392,651	364,599
Unrestricted	77,665	129,821	125,494
	<u>\$ 2,355,349</u>	<u>\$ 2,415,856</u>	<u>\$ 2,369,985</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,143,193</u>	<u>\$ 4,905,345</u>	<u>\$ 4,537,087</u>

Statement of Revenues, Expenses and Changes in Net Assets of the University

The following table presents the Statement of Revenues, Expenses and Changes in Net Assets of the University for Fiscal Years ended 2008, 2007 and 2006:

Statement of Revenues, Expenses and Changes in Net Assets (in 000's)

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
OPERATING REVENUES			
Student tuition and fees, net	\$ 662,464	\$ 617,812	\$ 554,856
Fee for services - state appropriation.....	45,523	46,207	44,626
Federal appropriations	20,276	18,183	15,805
Federal grants and contracts.....	587,189	585,981	593,144
State of Illinois grants and contracts.....	94,651	82,382	68,646
Private gifts, grants, and contracts.....	126,386	115,210	108,159
Educational activities.....	234,549	206,316	197,089
Auxiliary enterprises, net.....	330,309	304,094	282,321
Hospital and other medical activities, net ..	463,209	424,211	408,406
Medical service plan.....	185,499	144,303	141,336
Independent operations.....	10,924	10,620	11,786
Interest and service charges on student loans	1,494	1,100	2,913
On behalf-hospital and other medical activities.....	83,843	71,610	61,221
TOTAL OPERATING REVENUES .	2,846,316	2,628,029	2,490,308
OPERATING EXPENSES			
Instruction	758,676	703,540	666,200
Research	568,946	561,876	556,874
Public service	342,840	326,348	300,990
Academic support.....	249,000	236,561	218,043
Student services.....	99,314	88,374	82,656
Institutional support.....	178,572	167,172	150,572
Operation and maintenance of plant.....	259,068	218,028	229,038
Scholarships and fellowships	199,197	198,016	185,155
Auxiliary enterprises	261,408	234,751	229,935
Hospital and medical activities.....	470,345	431,762	406,466
Independent operations.....	9,963	10,023	9,639
Depreciation.....	199,609	191,679	185,105
On behalf payments for fringe benefits.....	441,480	376,657	327,927
TOTAL OPERATING EXPENSES	4,038,418	3,744,787	3,548,600
Operating (Loss).....	(1,192,102)	(1,116,758)	(1,058,292)

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
NONOPERATING REVENUES (EXPENSES)			
State appropriations	680,503	665,752	655,521
Private gifts	129,948	127,907	116,111
On behalf payments for fringe benefits	357,637	305,047	266,706
Net investment income (net of interest expense of \$2,124 in 2007)	66,682	63,733	38,992
Net increase in the fair value of investments.....	(60,508)	36,429	3,200
Interest on capital asset related debt	(68,091)	(71,768)	(61,657)
Loss on disposals of capital assets	(3,552)	(1,834)	(1,063)
Other nonoperating revenues.....	20,329	15,590	35,575
Net nonoperating revenues (expenses) ...	<u>1,122,948</u>	<u>1,140,856</u>	<u>1,053,385</u>
Income (loss) before other revenues, expenses, gains, or losses	(69,154)	24,098	(4,907)
Capital state appropriations	5,981	12,287	53,961
Capital gifts and grants	2,412	8,541	11,639
Private gifts for endowment purposes.....	254	945	208
INCREASE IN NET ASSETS	<u>(60,507)</u>	<u>45,871</u>	<u>60,901</u>
NET ASSETS, BEGINNING OF YEAR.....	<u>2,415,856</u>	<u>2,369,985</u>	<u>2,309,084</u>
NET ASSETS, END OF YEAR.....	<u>\$ 2,355,349</u>	<u>\$ 2,415,856</u>	<u>\$ 2,369,985</u>

2009 Budget and State Appropriations

The University receives a major portion of the revenues needed to sustain its educational and research activities from State appropriations, tuition revenues and the federal government. On July 9, 2008, the Governor signed legislation that would give the University a 2.7% increase in base funding over its Fiscal Year 2008 funding, increasing the University's general revenue fund to \$743.4 million. Payments on behalf would increase by 17.3%, or \$76.5 million, to \$517.9 million. In September 2008 the Board approved a final operating budget. The Board-approved operating budget for Fiscal Year 2009 provided a 6.8% increase over the final Fiscal Year 2008 operating results. The table below shows the components of the Fiscal Year 2009 budget compared with the final amounts from the adjusted Fiscal Year 2008 budget.

In recent years, State appropriations for operations have been made in a lump sum. Beginning in Fiscal Year 2006, such appropriations are broken down by expenditure purpose.

Fiscal Year 2008 Budget Versus Fiscal Year 2009 Budget
(in millions)

	Budget 2008	Budget 2009	%
			Increase
State Tax Appropriations	\$ 726.0	\$ 747.1	2.9%
Payments on Behalf ⁽¹⁾	441.5	517.9	17.3%
Tuition & Fees ⁽²⁾	599.2	655.4	9.4%
Local Fund ⁽³⁾	<u>2,133.2</u>	<u>2,244.5</u>	5.2%
Total Budget.....	<u>\$ 3,899.9</u>	<u>\$4,164.9</u>	6.8%

(1) Payments by the State for employee benefits that are not appropriated to the University but are paid on its behalf (such as pension funding) are included.

(2) Excludes waivers for graduate assistants.

(3) Includes: Institutional Cost Recovery, Royalties, Administrative Allowance, Sponsored Projects, Federal Appropriations, Private Gifts & Endowment Income, MSP, Auxiliary Enterprise Operations, Hospital, AFMFA and Department Activities.

State Funding to the University

Fiscal Year ended June 30
(in 000's)

	2004	2005	2006	2007	2008
Current Operating Funds	\$ 687.1	\$ 700.0	\$ 700.1	\$ 713.0	\$ 726.0
Payments on Behalf of University	<u>937.4</u>	<u>347.2</u>	<u>327.9</u>	<u>388.6</u>	<u>441.3</u>
Total	<u>\$1,624.5</u>	<u>\$1,047.2</u>	<u>\$1,028.0</u>	<u>\$1,101.6</u>	<u>\$1,167.5</u>

Source: Compiled by the Office of the Comptroller of the University from audited Financial Reports of the University for Fiscal Years 2004-2008.

The Governmental Accounting Standards Board ("GASB") Statement 24 (Accounting and Financial Reporting for Certain Grants and Other Financial Assistance) requires State universities to recognize in their financial statements and notes the amount the State contributes to the State Universities Retirement System of Illinois ("SURS") on behalf of the University employees. The amount recognized each year has been a relatively consistent amount.

In Fiscal Years 2006 through 2008 there were no capital appropriations throughout the State including higher education and the University of Illinois. In Fiscal Year 2006 there was a lump sum appropriation made of \$130 million towards higher education; however no increase in the State bonding level was authorized. The University received planning funds for three projects at the Urbana-Champaign campus from this appropriation, and \$3 million in planning funds were released to go along with a prior allocation of \$2 million for planning the Lincoln Hall Remodel. Planning funds in the amount of \$3 million were also released for planning a new Electrical and Computer Engineering Building. Additionally, planning funds in the amount of \$2.9 million were released for the planning of the Integrated Bioprocessing Research Lab. No capital bill was passed for Fiscal Year 2008.

Other Outstanding Indebtedness and Leasehold Obligations

The Board and the University have other debt outstanding, including:

- (i) University of Illinois Willard Airport Project Revenue Refunding Bonds, Series 1997 (the "Series 1997 Bonds"). The Series 1997 Bonds were issued to refund Bonds issued to finance the expansion of the University of Illinois Willard Airport Facility (the "Airport") and are secured by the net revenue of the Airport and a lien on Student Tuition and Fees subordinate to the AFS Bonds (hereafter defined) but prior to the Health Services Facilities Bonds (hereafter defined) and the South Campus Bonds (hereafter defined). As of June 30, 2008, there were \$273,000 Series 1997 Bonds outstanding;

- (ii) University of Illinois Health Services Facilities System Revenue Bonds, Series 1997B (the "Series 1997B Health Facilities Bonds"), the Variable Rate Demand Health Services Facilities System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Health Facilities Bonds") and the Variable Rate Demand Health Services Facilities System Revenue Refunding Bonds, Series 2008 (the "Series 2008 Health Facilities Bonds," collectively with the Series 1997B Health Facilities Bonds and the Series 2007 Health Facilities Bonds, the "Health Facilities Bonds"). The Series 1997B Health Facilities Bonds were issued to finance a portion of the costs of the construction and equipping of an outpatient care center on the Chicago campus and a medical office building in Rockford, Illinois. The Series 2007 Health Facilities Bonds were issued to provide funds, together with certain other available moneys, to refund the University of Illinois Health Services Facilities System Revenue Bonds, Series 1997A (the "Series 1997A Health Facilities Bonds"), which had been issued to finance the balance of such costs. The Series 2008 Health Facilities Bonds were issued June 26, 2008, together with certain other available monies, to refund the Series 2007 Health Facilities Bonds. The Series 2007 Health Facilities Bonds were defeased on July 28, 2008. The Health Facilities Bonds are secured by the net revenues of the Health Services Facilities System, revenues received from the Board's medical services plan and a lien on Student Tuition and Fees generated at the College of Medicine subordinate to the AFS Bonds (defined below in paragraph (iv)) and the Series 1997 Bonds but prior to the South Campus Bonds. As of June 30, 2008, there were \$20,100,000 Series 1997B, \$40,875,000 Series 2007, and \$41,215,000 Series 2008 Health Facilities Bonds outstanding;
- (iii) Sangamon State University, Student Housing Revenue Bonds of 1979 (the "Series 1979 Bonds"). The Series 1979 Bonds were issued to provide funds to pay a part of the cost of the construction of certain housing units at the Springfield campus of the University formerly known as Sangamon State University. The Series 1979 Bonds are secured by the net revenues to be derived from the operation of such housing units. Although these facilities are now included in the Auxiliary Facilities System, the Series 1979 Bonds are not on a parity with other Auxiliary Facilities System Bonds. As of June 30, 2008, there were \$720,000 Series 1979 Bonds outstanding;
- (iv) University of Illinois Auxiliary Facilities System Revenue Bonds, Series 1991, Series 1993, Series 1996, Series 1999A, Series 1999B, Series 2000, Series 2001A, Series 2001B, Series 2001C, Series 2003A, Series 2005A, Series 2005B, Series 2006 and Series 2008 (together, the "AFS Bonds"). The AFS Bonds were issued to fund improvements to the University's Auxiliary Facilities System. The AFS Bonds are secured by Net Revenues of the Auxiliary Facilities System and a lien on Student Tuition and Fees prior to the Series 1997 Bonds, the Health Facilities Bonds and the South Campus Bonds. As of June 30, 2008, there were \$939,845,000 AFS Bonds outstanding (including capital appreciation Bonds at their compound accreted value at June 30, 2008); and
- (v) University of Illinois UIC South Campus Development Project Taxable Revenue Bonds, Series 2000, and UIC South Campus Development Project Revenue Bonds, Series 2003, were issued to finance the cost of acquiring, equipping and improving certain facilities and improvements at the University's South Campus Development Area (the "Area") in Chicago, and the Variable Rate Demand UIC South Campus Development Project Revenue Refunding Bonds, Series 2006A (such Series 2000, Series 2003 and Series 2006A Bonds collectively, the "South Campus Bonds"), were issued to advance refund outstanding UIC South Campus Development Project Revenue Bonds, Series 1999, which were issued for such purposes. The South Campus Bonds are secured by (a) certain incremental taxes to be received from the City of Chicago with respect to the Area, (b) Student Tuition and Fees, subordinate to the Series 1997 Bonds, the Health Facility Bonds and the AFS Bonds described above, and (c) funds on deposit in the UIC South Campus Development Bond and Interest Sinking Fund Account (into which the Board may, but is not required, to deposit funds). The Series 2000 Bonds are additionally secured by a portion of the funds derived from certain sales of real property in the Area. As of June 30, 2008, there were \$75,045,000 South Campus Bonds outstanding.

As of June 30, 2008, the University had a total principal amount of \$1,118,060,000 of Bonds outstanding (including capital appreciation Bonds at their compound accreted value as of June 30, 2008, referred to as "CABs"), which are summarized as follows:

Outstanding Bond Principal

Series	Rates on Outstanding Debt	Maturity Dates	Outstanding at June 30, 2008 (in 000's)
Auxiliary Facilities System			
1979	3.000%	2008-2018	\$720
1991 (CABS)	7.200%-7.350%	2009-2021	123,103
1993 (CABS)	5.900%-5.950%	2008-2009	10,876
1996	5.000%-5.200%	2008-2010	640
1999A (Current Interest Bonds)	5.100%-5.200%	2009-2010	3,630
1999A (CABS)	6.050%-6.330%	2015-2030	16,686
1999B	7.410%-7.560%	2009-2015	4,970
2000	5.500%	2009-2010	330
2001A	5.000%-5.500%	2009-2030	101,825
2001B	4.400%-5.500%	2009-2032	39,095
2001C	6.100%-7.000%	2009-2021	13,710
2003A	3.250%-5.500%	2009-2034	61,790
2005A	4.625%-5.500%	2009-2031	158,380
2005B	Variable	2009-2035	67,015
2006	4.000%-5.000%	2009-2036	316,995
2008	Variable	2009-2038	20,800
Willard Airport			
1997	5.000%	2009	260
Health Services Facilities System			
1997B	Variable	2008-2026	20,100
2007	Variable	2008 (call)	40,875
2008	Variable ⁽¹⁾	2011-2026	41,215
UIC South Campus Development Project			
2000	7.760%-7.960%	2009-2013	12,610
2003	3.200%-5.250%	2009-2023	8,735
2006A	Variable ⁽²⁾	2011-2022	<u>53,700</u>
Total Principal Payable			<u>\$1,118,060</u>

(1) Synthetically fixed through the use of swaps with a fixed rate of 3.534%.

(2) Synthetically fixed through the use of swaps with a fixed rate of 4.092%.

On July 16, 2008, the University issued UIC South Campus Development Project Revenue Refunding Bonds, Series 2008 in the aggregate principal amount of \$54,245,000 that refunded, along with a cash deposit to the refunding escrow, all of the Series 2006 UIC South Campus Development Project Revenue Refunding Bonds.

On July 28, 2008, the University defeased the Series 2007 Health Facilities Bonds.

The University leases facilities, equipment and services under various lease-purchase agreements or has purchased facilities or services through installment purchase contracts. Such leases and installment purchases are subject to cancellation in any year during which the Illinois General Assembly does not make an appropriation to the University for such purpose and there are no other budgeted legally available funds for payment thereof. The following table shows leasehold and other obligations that were outstanding as of June 30, 2008:

Outstanding Certificates of Participation and Other Capital Leases

Certificates of Participation	Outstanding Rates	Maturity Dates	Outstanding at June 30, 2008 (in 000's)
Series 2001 UI-Integrate Project	5.375%	2008-2009	\$16,625
Series 2003 South Farms Project	3.00%-5.25%	2008-2022	21,270
Series 2003 UI-Integrate Project	4.50%-5.00%	2012-2014	31,700
Series 2003 Utility Infrastructure	4.00%-5.00%	2008-2016	52,625
Series 2004 Utility Infrastructure	Variable ⁽¹⁾	2008-2021	140,800
Series 2005 UIC COM Research Building	4.15%-5.25%	2009-2025	18,510
Series 2006A Academic Facilities Projects	4.50%-5.00%	2009-2025	75,950
Series 2007A	4.00%-5.25%	2008-2027	72,725
Series 2007B	5.00%	2015-2020	45,645
Series 2007C	Variable	2022-2028	31,340
Series 2007D	Variable	2011-2027	81,500
Total Certificates of Participation			\$588,690
Other Capital Leases			\$56,002
Total Principal - Certificates of Participation and Other Capital Leases			\$644,692

(1) Synthetically fixed through the use of swaps with a fixed rate of 3.765%.

Future Capital Plans

The Board has an ongoing capital improvement program consisting of new construction and renovation of existing facilities. Capital improvements are expected to be funded from a variety of sources including gifts, State capital funds, revenue and lease financing and University funds.

Additional projects under consideration that may be funded in Fiscal Year 2009 are: an addition to Huff Hall on the Urbana campus (\$15 million) and improvements to the Illini Union on the Urbana campus (\$10 million).

The University of Illinois Medical Center at Chicago (UIMCC) is planning for major renovations and expansion of the Medical Center facility. This project is subject to the issuance of a Certificate of Need by the Illinois Health Facilities Planning Board and approval of the Board of Trustees. The timing, scope and budget for the project have not been set. On January 30, 2007, UIMCC submitted an application for a Master Design Permit for review by the Illinois Health Facilities Planning Board. UIMCC is seeking approval to undertake an extensive planning and design project to modernize the Medical Center.

The Urbana-Champaign campus is planning for renovations and expansion of Assembly Hall, a multi-purpose venue and basketball arena. The timing, scope and budget of the project have not been set.

The Board may also from time to time refund or refinance its outstanding bonds, lease purchase obligations or installment purchase obligations to restructure its indebtedness or to take advantage of more favorable interest rate levels.

Faculty

The University has over 5,700 full-time equivalent faculty. Approximately half of all faculty are tenured, including those that are neither tenure nor tenure-track. Of those in the tenure track, about three-fourths are fully tenured.

Scores of faculty members have been elected to distinguished academic societies such as the American Academy of Arts and Sciences, the American Philosophical Society, the National Academy of Sciences and the National Academy of Engineering.

Student Enrollment

On-campus enrollments for the past five academic years, based on fall semester registrations, are shown on the following table.

Fall Term	On-Campus Headcount											
	Undergraduate				Graduate/Professional				Total			
	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total
2004	29,287	15,448	1,965	46,700	10,258	8,959	1,419	20,636	39,545	24,407	3,384	67,336
2005	30,453	15,148	2,005	47,606	10,141	9,205	1,373	20,719	40,594	24,353	3,378	68,325
2006	30,935	14,999	1,987	47,921	10,312	9,201	1,375	20,888	41,247	24,200	3,362	68,809
2007	30,689	15,672	2,038	48,399	10,120	9,453	1,148	20,721	40,809	25,125	3,186	69,120
2008	31,173	15,648	2,044	48,865	10,206	9,595	1,012	20,813	41,379	25,243	3,056	69,678

Fall Term	Full Time Equivalent*											
	Undergraduate				Graduate/Professional				Total			
	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total	UIUC	UIC	UIS	Total
2004	29,544	14,389	1,536	45,469	11,679	9,367	772	21,818	41,223	23,756	2,308	67,287
2005	30,991	14,212	1,603	46,806	11,485	9,611	815	21,911	42,476	23,823	2,418	68,717
2006	31,404	14,171	1,610	47,185	11,752	9,596	811	22,159	43,156	23,767	2,421	69,344
2007	31,308	14,881	1,657	47,846	11,412	9,687	730	21,829	42,720	24,568	2,387	69,675
2008	32,024	14,906	1,730	48,660	11,644	9,701	643	21,988	43,668	24,607	2,373	70,648

* Based on the Illinois Board of Higher Education definition of full-time equivalency. Undergraduate student full-time equivalent is computed as the total number of fall semester credit hours divided by 15. Graduate and professional student full-time equivalent is computed as the total number of fall term semester hours divided by 12. Credit hours are included for students enrolled in coursework with zero credit at UIC and UIUC.

Note: An additional 4,114 students were enrolled off-campus, on-line and in home study programs in Fall 2008 as follows: Chicago, 592 (preliminary); Springfield, 1,655; Urbana-Champaign, 1,867 (preliminary).

The Chicago campus has consistently attracted students from a more diverse age group than the traditional 18-21-year-old undergraduates. These older students are typically employed full- or part-time, and represent a continuing source of new enrollment prospects. Enrollments in the programs for health professionals are limited by the amount of facilities available to serve such students. The demand for admission to the programs remains strong.

Because of space limitations, the Urbana-Champaign campus annually denies admission to a number of fully qualified applicants. Demand for programs at the Urbana-Champaign campus, especially those in engineering, the sciences and commerce and business administration, continues to be extremely high, so that even if the overall pool of high school graduates declines, the campus is likely to be able to retain its current level of enrollment without any significant loss of the extremely high quality of the student body. In addition, new efforts are planned to identify highly qualified applicants from outside the State to enhance the overall diversity of the undergraduate student body.

The on-campus student body of UIS is currently composed of 67% undergraduate students and the rest graduate students, a large proportion of whom are employed adults who attend part-time and appreciate the abundant class offerings in the evening. Most UIS students come from the central Illinois area, but a number of degree programs attract students from other regions of Illinois, other states and other nations. UIS emphasizes excellence in teaching and active learning. Faculty are teacher-scholars who maintain strong connections to state government, business, and not-for-profit organizations, providing students with extraordinary internship opportunities. UIS is also a national leader in online education, offering select high-quality online degrees, particularly in the liberal arts.

Student Admissions

The tables below set forth the total number of freshman applications received and admitted, and the number of freshmen enrolled for the academic years indicated for UIC, UIUC and UIS.

UIUC

Fall Term	Applications Received ⁽¹⁾	Applicants Accepted ⁽²⁾	Percent Accepted	Accepted Enrollment	Percent of Accepted Enrolled
2004	21,986	14,995	68.0	7,237	48.4
2005	18,985	14,324	75.5	7,580	52.9
2006	22,364	14,438	64.6	7,172	49.7
2007	21,645	15,361	71.0	6,940	45.2
2008	23,240	16,043	69.0	7,287	45.4

UIC

Fall Term	Applications Received ⁽¹⁾	Applicants Accepted ⁽²⁾	Percent Accepted	Accepted Enrollment	Percent of Accepted Enrolled
2004	12,365	7,627	61.7	2,716	35.6
2005	12,692	7,418	58.4	2,776	37.4
2006	13,000	7,559	58.2	2,852	37.7
2007	13,595	8,686	63.9	3,291	37.9
2008	14,269	8,567	60.0	2,964	34.6

UIS

Fall Term	Applications Received ⁽¹⁾	Applicants Accepted ⁽²⁾	Percent Accepted	Accepted Enrollment	Percent of Accepted Enrolled
2004	432	187	43.3	90	48.1
2005	493	311	63.1	138	44.4
2006 ⁽³⁾	1,075	662	61.6	243	36.7
2007	1,114	685	61.5	261	38.1
2008	1,297	783	60.4	309	39.5

(1) Number of applicants.

(2) Number of admits.

(3) Fall 2006 marked the first term Springfield admitted first-year students into its new general education curriculum under the Capital Scholars expansion.

Tuition and Fees

The University operates its programs on a two-semester and summer session basis. Fees, tuition and other educational costs of attending the University vary by campus, program and resident status. General undergraduate tuition rates for the 2008-2009 academic year ranged from \$16,365 to \$23,026 for non-residents and \$7,215 to \$9,242 for State residents depending primarily on the campus attended and the year of admittance. General graduate

tuition rates ranged from \$6,144 to \$8,960 for State residents and \$13,980 to \$21,714 for non-residents depending on the campus attended. Professional schools of law, medicine, veterinary medicine, dentistry, pharmacy and physical therapy have separate tuition rate schedules, depending on the program of study.

The Governor of the State of Illinois signed Public Act 93-0228 on July 22, 2003. Public Act 93-0228 amends the University of Illinois Act, and the laws of all of the other public universities in Illinois, to provide that, subject to certain conditions, for an undergraduate student who is an Illinois resident and who first enrolls at the University after the 2003-2004 academic year, the tuition charged for four continuous academic years following initial enrollment shall not exceed the amount that the student was charged at the time the student enrolled in the University.

In March 2008, the Board approved increases in the guaranteed tuition level for resident full-time general undergraduate students of \$353 per semester at the Chicago campus, \$401 per semester at the Urbana campus and \$28.50 per credit hour at the Springfield campus. The Board also approved increases in the non-guaranteed tuition level for resident full-time general undergraduate students of \$317 per semester at the Chicago campus, \$266 per semester at the Urbana campus and \$26.25 per credit hour at the Springfield campus. The Board approved increases in the tuition level for resident general graduate students of \$370 per semester at the Chicago campus, \$293 per semester at the Urbana campus and \$30.00 per credit hour at the Springfield campus. In addition there are differential tuition increases for students who are enrolled in several special undergraduate and graduate degree programs.

Financial Aid to Students

Students at the University of Illinois receive financial assistance in a variety of ways:

State and Federal Scholarships, Grants, Fellowships and Traineeships. These come primarily through the Illinois Student Assistance Commission and Federal Pell Grant program. However, all are supplemented by a significant amount of private funds administered by the University.

Loans. Most loans are subsidized with respect to the timing and/or amount of the effective interest rate by the Federal government, although many are administered through the Illinois Guaranteed Loan Program.

Tuition and Fee Waivers. Some are need-based, but the dollar value of most are related to the employment of graduate teaching and research assistants, who not only receive a stipend for their employment but also receive a waiver of tuition and fees.

University-provided Employment. The University employs both graduate assistants for whom the stipend provides a major source of income, and undergraduates, who depend on the job as a significant component of their total college budget.

The above sources of financial aid totaled more than [\$953] million in Fiscal Year 2008, an average of more than [\$11,900] per student. The average does not reflect the fact that much of the aid was directed at needy undergraduates and graduate assistants.

The financial aid to University of Illinois students in Fiscal Year 2008 is shown below:

	Number of Awards	Amount (000's omitted)
Scholarships, Grants, Fellowships and Traineeships		
Federal.....	\$ 17,910	\$ 54,331.2
State	17,684	63,417.3
Private and Outside Agencies	5,469	21,815.8
University.....	30,833	88,810.6
Loans		
Federal, State or Other Administered.....	34,470	367,409.9
University Administered	617	1,388.3
Tuition and Fee Waivers ⁽¹⁾	21,302	241,095.9
Employment		
Undergraduates.....	16,126	41,466.3
Graduates.....	14,846	132,359.0
Total	\$ 159,257	\$1,012,094.3

(1) Includes staff waivers.

Research Funding

In the Fiscal Year ended June 30, 2008, the University earned approximately \$772.6 million in research funding from federal, State and private sources. The University is consistently among the top universities in the nation in attracting federal contract dollars.

The table that follows itemizes research funding by source for the past five Fiscal Years.

Grants and Contracts by Source

Fiscal Year Ended June 30

(in 000's)

	2004	2005	2006	2007	2008
Federal Sources					
Department of Health and Human Services	\$223,741	\$233,084	\$248,265	\$246,789	\$236,847
National Science Foundation	135,014	148,622	118,373	115,550	114,098
Department of Energy.....	30,638	33,738	36,237	31,301	28,423
Department of Defense	49,601	48,543	44,466	49,214	51,932
Department Agriculture	14,475	14,319	14,839	15,319	18,570
Department of Education	59,060	60,170	57,484	61,359	67,303
Other Federal Agencies	33,012	33,790	35,641	29,190	34,419
Total Federal Sources ⁽¹⁾	\$545,542	\$572,306	\$555,305	\$548,722	\$551,592
State of Illinois	\$74,440	\$62,710	\$59,944	82,382	\$94,651
Private and Non-Profit Sources ⁽²⁾	63,736	89,615	108,159	115,210	126,386
Total Non-Federal Sources	138,176	152,325	168,103	197,592	\$221,037
Total All Sources ⁽³⁾	\$683,718	\$724,631	\$723,408	\$746,314	\$772,629

(1) Federal Sources are primarily research funds.

(2) Including private gifts.

(3) Total All Sources does not include pass through social service grants.

Source: Compiled by the University of Illinois Office of Planning and Budgeting.

Voluntary Support

The University of Illinois Foundation (the "Foundation") is an independent nonprofit corporation that raises and receives private gifts, administers funds and manages assets to enhance the quality of the University and its programs. Gifts to the University's three campuses and the Foundation totaled \$213 million for Fiscal Year 2008. On June 1, 2007, the University announced a new fundraising campaign with a goal of \$2.25 billion.

University Investments

The University's investments provide funds to support University academic programs and student related activities. Endowment and Similar Funds consist of both restricted and unrestricted funds, which are accounted for and invested as endowment. Income from endowments is distributed to unrestricted and restricted fund groups according to the designation of the donor. Income from other invested funds is distributed at the University's discretion. The Foundation held approximately \$1.2 billion in cash and investments as of June 30, 2008, which is included in Endowment and Similar Funds in the table below.

The market value of the University's investments at the end of each of the past five fiscal years is summarized as follows:

University and Foundation Cash and Investments
Fiscal Year Ended June 30
(in 000's)

	2004	2005	2006	2007	2008
Current Funds.....	\$580,532	\$486,252	\$521,076	\$517,442	\$624,463
Fiduciary Funds					
Endowment & Similar Funds.....	925,603	967,475	1,092,874	1,437,216	1,242,158
Annuity, Life Income and Other Funds.....	141,379	189,320	187,173	160,321	159,765
Plant Funds.....	277,092	334,516	365,394	409,578	536,557
Total Cash and Investments	<u>\$1,924,606</u>	<u>\$1,977,563</u>	<u>\$2,166,517</u>	<u>\$2,524,557</u>	<u>\$2,562,943</u>

Source: Compiled by the Office of the Comptroller of the University.

Physical Plant

The University consists of more than 800 buildings with an estimated replacement cost of \$6.6 billion. The three campuses total approximately 2,520 acres with additional off-campus holdings totaling 10,586 acres.

The following table sets forth, for each of the five previous Fiscal Years, the total Investment in Plant of the University as reported or compiled for such years.

Fiscal Year Ended June 30	Investment in Plant (Original Cost in 000's)
2004	\$4,557,455
2005	\$4,827,254
2006	\$5,077,757
2007	\$5,365,591
2008	\$5,653,477

The University's financial statements include depreciation expense and capital assets net of depreciation. For Fiscal Year 2008, the total accumulated depreciation was \$2,413,322.

Employee Relations

Employees of the University are generally covered, pursuant to statute, by the State Universities Civil Service System, a separate entity of the State of Illinois under the control of the University Civil Service Merit Board. The statute exempts faculty, principal administrative employees, and student workers from its coverage. Effective January 1, 1984, all employees of the University (including faculty) gained the right to bargain collectively with the University by virtue of the passage of the Illinois Educational Labor Relations Act. This act provides for the right to bargain on conditions of employment, the right to strike and the right to negotiate for a service fee for the elected employee representative group. Of the University's approximately 25,300 full-time faculty, administrative, and support staff employees for Fiscal Year 2008, approximately 30% (none of whom are faculty) are represented by 40 separate collective bargaining units.

The University believes its employee relations are satisfactory.

Retirement Benefits

Retirement benefits are provided for substantially all full-time employees under a separately created retirement plan administered by the State Universities Retirement System of Illinois (SURS). The liability of SURS relating to University participants is not a liability of the Board.