NEW ISSUE
BOOK-ENTRY-ONLY

Ratings:	Insured*	Underlying
Moody's:		
[Standard & Poor's:		]

(See "DESCRIPTION OF RATINGS", herein)

Subject to compliance by the Board with certain covenants, in the opinion of Chapman and Cutler LLP, Special Counsel, under present law, interest on the Series 2009A-1 Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2009A-2 Certificates is not excludable from gross income for federal income tax purposes. Interest on the Certificates is not exempt from present Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

$85,865,000 *
Certificates of Participation
(Energy Conservation Projects), Series 2009A
Evidencing Proportionate Interests in
Installment Payments to be Made by
BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

consisting of

$__________*
Board of Trustees of Eastern Illinois University
Eastern Illinois University
Certificates of Participation (Energy Conservation Projects)
Series 2009A-1 (Tax-Exempt)

$__________*
Board of Trustees of Eastern Illinois University
Eastern Illinois University
Certificates of Participation (Energy Conservation Projects)
Series 2009A-2 (Build America Program – Taxable)
(Build America Bonds – Direct Payment to Issuer)

Dated: Date of Delivery **Due: April 1, as shown on inside cover**

The Certificates of Participation (Energy Conservation Projects), Series 2009A-1 (Tax-Exempt) (the "Series 2009A-1 Certificates") and the Certificates of Participation (Energy Conservation Projects, Series 2009A-2 (Build America Program – Taxable) (the "Series 2009A-2 Certificates" and collectively with the Series 2009A-1 Certificates, the "Certificates") are being issued to finance the construction of a new Renewable Energy Center, including a biomass-fueled combined heat and power facility, and the acquisition of other energy conserving improvements at Eastern Illinois University (the"University"), as described under "THE IMPROVEMENTS" herein. The Certificates are payable solely from (i) an undivided interest in payments (the "Installment Payments") to be made by the Board of Trustees of Eastern Illinois University (the "Board") under an Installment Purchase Contract (the "Purchase Contract") with U.S. Bank National Association., as Trustee (the "Trustee"), (ii) certain funds and accounts held under the Indenture (as defined herein), and (iii) proceeds from the exercise of remedies by the Trustee under the Indenture.

The Installment Payments will be payable both from State-appropriated funds and from budgeted legally available funds of the Board derived from sources other than State appropriations on an annual basis ("Legally Available Nonappropriated Funds"). The Board will covenant under the Purchase Contract to include in each of its annual operating budget appropriation requests to the Illinois General Assembly a request for funds sufficient to pay that portion of the Installment Payments and Additional Payments coming due in the next fiscal year commencing July 1 to be paid from State-appropriated funds. The Board will further covenant to include in each annual budget for the University an amount of Legally Available Nonappropriated Funds which, when combined with the State-appropriated funds, will be sufficient to make the Installment Payments and Additional Payments when due in each fiscal year.

The term of the Purchase Contract will expire on April 1, 2036,* unless earlier terminated in accordance with the Indenture. In the event of a termination of the Purchase Contract where the Board has not prepaid in full all Installment Payments, all further obligations with respect to the Certificates will be payable solely from such moneys, if any, as may be held by the Trustee as described in the Indenture, and any moneys as may be available from the Trustee's sale of its interest in the Improvements, in which case there is no assurance of any payment of the principal of or interest on the Certificates. See "CERTIFICATE OWNERS' RISKS."

The Certificates are subject to optional and mandatory redemption prior to maturity as described herein.

The scheduled payment of principal of and interest on the Certificates maturing on April 1 of the years ____ through ____, inclusive (the "Insured Certificates") when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Certificates by ________________________________.

[Insurance Logo]

IN THE OPINION OF SPECIAL COUNSEL, THE OBLIGATION TO MAKE INSTALLMENT PAYMENTS WILL CONSTITUTE A CURRENT OPERATING EXPENSE OF THE BOARD. THE BOARD WILL PLEDGE TO THE PAYMENT OF THE INSTALLMENT PAYMENTS SUCH MONEYS AS MAY BE LAWFULLY APPROPRIATED BY THE GENERAL ASSEMBLY FOR SUCH PURPOSE AND LEGALLY AVAILABLE NONAPPROPRIATED FUNDS, INCLUDING MONEYS, IF ANY, HELD BY THE TRUSTEE. THE BOARD HAS NO TAXING POWER.

THE BOARD'S OBLIGATION TO MAKE INSTALLMENT PAYMENTS UNDER THE PURCHASE CONTRACT DOES NOT CONSTITUTE A DEBT OF THE BOARD OR THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE INSTALLMENT PAYMENTS REQUIRED UNDER THE PURCHASE CONTRACT INCURRED BY THE BOARD ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE STATE AND ARE NOT REQUIRED TO BE REPAID AND MAY NOT BE REPAID, DIRECTLY OR INDIRECTLY, FROM TAX REVENUE.

The Certificates are issuable as fully registered Certificates through a book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payment of the Certificates and the book-entry system are described herein. The Certificates will be issued in the denomination of $5,000 or any integral multiple thereof. Interest, at the rates set forth on the inside cover, is payable on April 1, 2010, and on each October 1 and April 1 thereafter.

See the inside cover page for maturities, principal amounts, interest rates, prices, yields and CUSIP numbers

The Certificates are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality of the Certificates by Chapman and Cutler LLP, Chicago, Illinois, as Special Counsel to the Board, and to certain other conditions. Certain legal matters will be passed upon for the Board by its University General Counsel and for the Trustee by its Law Department. John S. Vincent & Company LLC is serving as financial advisor to the Board. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about ________ __, 2009.

Edward D. Jones & Co., L.P. **Barclays Capital**

The date of this Official Statement is ________ __, 2009

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, PRICES, YIELDS AND CUSIP NUMBERS

$85,865,000*
Board of Trustees of Eastern Illinois University
Eastern Illinois University
Certificates of Participation (Energy Conservation Projects), Series 2009A

$__________* Certificates of Participation (Energy Conservation Projects)
Series 2009A-1 (Tax-Exempt)

Year* (April 1)	Principal Amount*	Interest Rate	Price	Approx. Yield	CUSIP	Year* (April 1)	Principal Amount*	Interest Rate	Price	Approx. Yield	CUSIP
2013	$	%		%		2015	$	%		%	
2014											

$__________* Certificates of Participation (Energy Conservation Projects)
Series 2009A-2 (Build America Program – Taxable)
(Build America Bonds – Direct Payment to Issuer)

$_____________* Serial Bonds

Year* (April 1)	Principal Amount*	Interest Rate	Price	Approx. Yield	CUSIP	Year* (April 1)	Principal Amount*	Interest Rate	Price	Approx. Yield	CUSIP
2016	$	%		%		2024	$	%		%	
2017						2025					
2018						2026					
2019						2027					
2020						2028					
2021						2029					
2022						2030					
2023											

$________* % Term Bonds Due April 1, 2036* Price - Yield %

* Preliminary, subject to change.

This Official Statement, which includes the cover page, inside cover page and the appendices hereto, does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of any of the Certificates, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the Board, the Financial Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Certificates, and if given or made, such information or representation must not be relied upon as having been authorized by the foregoing.

The information set forth herein has been obtained from the Board and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a promise or guarantee of, the Trustee or the Underwriters. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or the University or the information contained herein, since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE RELATING TO THE CERTIFICATES HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAW OF THE STATES IN WHICH CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

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OFFICIAL STATEMENT

relating to

$85,865,000 *
Certificates of Participation
(Energy Conservation Projects), Series 2009A
Evidencing Proportionate Interests in
Installment Payments to be Made by the
BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

consisting of

$_________*	**$_________***
Board of Trustees of Eastern Illinois University	**Board of Trustees of Eastern Illinois University**
Eastern Illinois University	**Eastern Illinois University**
Certificates of Participation (Energy Conservation Projects)	**Certificates of Participation (Energy Conservation Projects)**
Series 2009A-1 (Tax-Exempt)	**Series 2009A-2 (Build America Program – Taxable)**
	(Build America Bonds – Direct Payment to Issuer)

INTRODUCTION

This Official Statement, including the cover page, the inside cover page and appendices hereto (the "Official Statement"), is provided to prospective purchasers in connection with the sale and delivery of $____________* aggregate principal amount of Certificates of Participation (Energy Conservation Projects), Series 2009A-1 (Tax-Exempt) (the "Series 2009A-1 Certificates") and $____________* aggregate principal amount of Certificates of Participation (Energy Conservation Projects), Series 2009A-2 (Build American Program – Taxable) (the "Series 2009A-2 Certificates" and collectively with the Series 2009A-1 Certificates, the "Certificates"), representing proportionate interests of the registered Owners thereof in payments to be made by the Board of Trustees of Eastern Illinois University (the "Board") as installment purchase payments (the "Installment Payments"), pursuant to the provisions of the Installment Purchase Contract dated as of ________ __, 2009 (the "Purchase Contract") between U.S. Bank National Association, as trustee (the "Trustee"), and the Board, as purchaser. The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of ________ __, 2009 (the "Indenture") between the Board and the Trustee.

The American Recovery and Reinvestment Act of 2009 permits the Board to issue taxable obligations referred to as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt obligations, and to elect to receive payments from the federal government equal to 35% of the corresponding interest payable on such taxable obligations (the "Build America Payments"). The Board will determine whether to issue all of the Certificates as tax-exempt Series 2009A-1 Certificates or all of the Certificates as taxable Series 2009A-2 Certificates under the Build America Program, or whether to issue some maturities of the Certificates as Series 2009A-1 Certificates and other maturities

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* Preliminary, subject to change.

as Series 2009A-2 Certificates, based on market conditions on the date of sale. Any Build America Payments for the Series 2009A-2 Certificates would be paid to the Board; the holders of Series 2009A-2 Certificates would not be entitled to a tax credit.

The Board, as governing body of Eastern Illinois University (the "University" or "EIU"), will enter into agreements (the "Construction Contracts") with certain contractors or subcontractors (the "Contractors"), equipment contracts and purchase orders (the "Supply Contracts") with certain suppliers (the "Suppliers") and, as applicable, professional services or specialty services contracts (the "Professional and Specialty Services Contracts," together with the Construction Contracts and the Supply Contracts, referred to as the "Improvement Contracts") with certain contractors (the "Specialty Contractors," together with the Contractors and the Suppliers, referred to as the "Improvement Providers") to acquire and construct various capital improvements (the "Improvements") at the University. See "THE IMPROVEMENTS" herein. The Certificates are being issued to pay (i) the costs of the Improvements, (ii) a portion of the interest on the Certificates and (iii) the costs of issuing the Certificates.

Pursuant to the Indenture, the Trustee will hold for the benefit of the Certificate Owners (i) its rights in and to the Improvements and the Acquisition Agreement dated as of ________ __, 2009, between the Trustee and the Board (the "Acquisition Agreement"), (ii) all right, title and interest of the Board in and to the Improvements and the Improvement Contracts, provided that title to and possession of the Improvements now in existence will automatically thereafter vest in the Board without action by the Trustee, and title to all Improvements acquired hereafter will automatically so vest in the Board upon acquisition without action by the Trustee, (iii) all right, title and interest of the Board in the Acquisition Agreement and the Purchase Contract, but excluding certain rights relating to title, use and enjoyment of the Improvements and the right to receive notices; (iv) the Trustee's right, title and interest in and to the Purchase Contract and the right to receive moneys payable under it and to bring actions and proceedings under it; and (v) the Board's and the Trustee's rights in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture (other than the Rebate Fund).

Under the Acquisition Agreement, the Board's right, title and interest in and to the Improvements and in and to the Improvement Contracts will be assigned to the Trustee; *provided* that the Board will reserve, among other things, the rights to demand, accept and retain all rights in and to all property, data and service which the Contractors are obligated to provide pursuant to the Improvement Contracts and all rights under all warranty and indemnity provisions contained in the Improvement Contracts. In addition, the Certificates are secured by moneys and investments held by the depository of the Board in the Acquisition Fund created under the Indenture and by moneys and investments held by the Trustee under the Indenture, for the benefit of the Certificate Owners, subject to their use and application in accordance with the provisions of the Purchase Contract and the Indenture.

Initially capitalized terms used but not otherwise defined in the body of this Official Statement have the meanings set forth in "APPENDIX C – SUMMARY OF CERTAIN LEGAL DOCUMENTS."

THE BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

The University is governed by the Board of Trustees, which is comprised of seven voting members appointed by the Governor with the advice and consent of the State Senate, and one voting student member. The Board is responsible for the general supervision and management of the University's educational program, its lands, buildings and other properties, and the control of the revenues and expenditures in support thereof.

Additional information regarding the Board and the University is set forth in "APPENDIX A – EASTERN ILLINOIS UNIVERSITY."

DESCRIPTION OF THE CERTIFICATES

GENERAL

The Certificates will be dated their date of delivery and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Certificates will be issued in fully registered form through a book-entry system in denominations of $5,000 or any integral multiple thereof.

Each Certificate represents an undivided proportionate interest in the principal portion of the Installment Payments due and payable with respect to the maturity dates of the Certificates and in the interest portion of the Installment Payments due and payable semiannually, to and including such maturity date, at the rates set forth on the inside cover page of this Official Statement. Interest represented by the Certificates will be payable on April 1 and October 1, commencing April 1, 2010. The principal represented by the Certificates will be payable when due upon presentation and surrender thereof at the designated corporate trust office of the Trustee or in accordance with the procedures described herein under "BOOK-ENTRY SYSTEM." Interest will be paid by wire transfer under the circumstances described in the Indenture, or by check or draft of the Trustee mailed to the persons in whose names the Certificates are registered (the "Owners") on the registration books maintained by the Trustee as of the fifteenth day of the month next preceding the applicable Interest Payment Date (a "Regular Record Date") or, if applicable, a special record date established by the Trustee in accordance with the Indenture.

Each Certificate will accrue interest from the Interest Payment Date to the next date preceding the date of its execution, unless: (i) executed on an Interest Payment Date, in which case interest will accrue from such Interest Payment Date, (ii) executed prior to April 1, 2010, in which case interest accrues from the dated date of the Certificates, (iii) executed after a Regular Record Date and before the following Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or (iv) payment of interest is in default, in which case interest is payable from the last Interest Payment Date on which interest has been paid.

REDEMPTION

Redemption Upon Event of Nonappropriation and Termination of Purchase Contract. The Certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption, on any date on which the Purchase Contract is terminated by the Board because (i) an Event of Nonappropriation has occurred, (ii) the Board has determined that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current fiscal year and (iii) the Board has exercised its option, pursuant to the Purchase Contract, to prepay the Certificates by the deposit of funds in the Installment Payment Fund sufficient, together with the amounts therein, to redeem such Certificates on such termination date at a price equal to the principal amount thereof plus accrued interest to the redemption date.

The Purchase Contract and the Board's obligations to pay Installment Payments and Additional Payments thereunder are subject to termination 60 days after the Board certifies to the Trustee that the events described in clauses (i) and (ii) of the preceding paragraph have occurred.

Optional Redemption. The Certificates are callable on any date on or after October 1, 2019* at the price of the principal amount thereof, plus accrued interest to the date fixed for redemption, in whole or in part, and if in part, by lot. Such redemption shall be at the option of the Board, upon at least 35 days' prior written notice from the Board to the Trustee.

Mandatory Redemption of Term Certificates. The Series 2009A-2 Term Certificates maturing on April 1, 2036,* are subject to mandatory redemption prior to maturity through the application of sinking fund payments, in integral multiples of $5,000 selected by the Trustee, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, in the following principal amounts on April 1, in each of the years set forth below.

Series 2009A-1 Term Certificates*
Due April 1, 2036

Date	**Principal Amount**
4/01/2031	$
4/01/2032	
4/01/2033	
4/01/2034	
4/01/2035	
4/01/2036 (1)	

(1) Final Maturity

The principal amounts of such Series 2009A-2 Term Certificates to be redeemed in each year as set forth in the immediately preceding table may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Series 2009A-2 Term Certificates credited against future sinking fund requirements as specified by the Board, or if the Board does not so specify, in inverse order of the sinking fund payment dates. In addition, on or prior to the 60th day preceding any sinking fund payment date, the Trustee may, and if directed by the Board shall, purchase Series 2009A-2 Term Certificates of such maturity to be mandatorily redeemed in an amount not exceeding the amount of such Series 2009A-2 Term Certificates required to be retired on such sinking fund payment date and at a price not exceeding par plus accrued interest. Any such Series 2009A-2 Term Certificates so purchased shall be cancelled and the sinking fund redemption price thereof shall be credited against the sinking fund payment required on such next sinking fund payment date.

NOTICE OF REDEMPTION

The Trustee shall give notice of each redemption by mailing a copy of such notice, first class United States mail, postage prepaid, not less than 30 days nor more than 60 days before the

* Preliminary, subject to change

redemption date, to all Owners of the Certificates which are to be redeemed at their last addresses appearing upon the Certificate Register. The notice shall identify the Certificates to be redeemed and shall state (i) the redemption date, (ii) the redemption price, (iii) that the Certificates called for redemption must be surrendered to collect the redemption price, (iv) the address at which the Certificates must be surrendered and (v) that interest on the Certificates called for redemption ceases to accrue on the redemption date.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of, and interest on the Certificates to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. Such moneys shall be held uninvested or, at the direction of the Treasurer, shall be invested in United States Government Securities which mature on such date or dates as necessary to provide funds on a timely basis for such redemption. If such moneys are not received by the redemption date, such notice shall be of no force and effect, the Trustee shall not redeem such Certificates, the redemption price shall not be due and payable and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Certificates will not be redeemed.

Failure to give any required notice of redemption or any defect in any notice given as to any particular Certificates shall not affect the sufficiency or validity of the call for redemption of any Certificates in respect of which no such failure or defect has occurred. Any notice mailed as provided in the Certificates shall be conclusively presumed to have been given, whether or not actually received by the addressee Owner.

PARTIAL REDEMPTION

Any partial redemption of Certificates shall be made only in authorized denominations. The portion of Certificates to be redeemed shall be selected by lot by the Trustee from among all Outstanding Certificates (or, so long as the Book-Entry System is in effect, beneficial ownership interests in the Certificates shall be selected for redemption in accordance with the rules and procedures established by the Securities Depository). Each Certificate shall be considered separate Certificates in the minimum authorized denominations for purposes of selecting Certificates to be redeemed.

TRANSFER AND EXCHANGE

See “BOOK-ENTRY SYSTEM” for a discussion of transfer and exchange of the beneficial ownership interests in the Certificates while they are in the book-entry system described therein. The Certificates may be transferred or exchanged only upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or its duly authorized attorney. As a condition to such transfer or exchange, the Owner shall pay to the Trustee any tax or other governmental charge in connection therewith.

PAYMENT OF THE CERTIFICATES

The Purchase Contract requires that semiannual Installment Payments are to be made by the Board to the Trustee. Such Installment Payments are designed to be sufficient to meet the principal and interest payments due with respect to the Certificates during the term of the Purchase Contract. The following table shows the principal and interest payments due with respect to the Certificates during each Fiscal Year. For purposes of the table, interest is estimated at ____%.

Fiscal Year Ending	Combined Series 2009A Certificates**		
(June 30)*	Principal	Interest***	Total
2010	$	$	$
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			

* Principal matures on the April 1 preceding the June 30 Fiscal Year end.

** Estimated, subject to change.

*** Net of $__________ of capitalized interest through April 1, 2012.

BOOK-ENTRY SYSTEM

GENERAL PROVISIONS

The following information concerning The Depository Trust Company, New York, New York ("DTC") and its book-entry system has been furnished for use in this Official Statement by DTC. The Board, the University, the Trustee and the Underwriters take no responsibility for the accuracy or completeness of such information.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults and proposed amendments to the documents. Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

While the Certificates are in the book-entry system, redemption notices shall be sent to Cede & Co. If less than all of the Certificates of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Certificates at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor Securities Depository is not obtained, certificates for the Certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). In that event, certificates for the Certificates will be printed and delivered to DTC.

SUCCESSOR SECURITIES DEPOSITORY; DISCONTINUATION OF BOOK-ENTRY SYSTEM

In the event that (i) the Board determines that DTC is incapable of discharging its responsibilities described in the Indenture and in the blanket letter of representations from the Board and accepted by DTC (the "Representation Letter"), (ii) the Representation Letter shall be terminated for any reason or (iii) the Board determines that it is in the best interest of the Beneficial Owners of the Certificates that they be able to obtain certificated Certificates, the Board will notify DTC and the Direct Participants of the availability through DTC of certificated Certificates and the Certificates will no longer be restricted to being registered in the registry maintained by the Trustee in the name of Cede & Co., as nominee of DTC. At that time, the Board may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Board, or such depository's agent or designee, or if the Board does not select such an alternate universal book-entry system, then the Certificates may be registered in whatever name or names registered owners of Certificates transferring or exchanging Certificates shall designate, in accordance with the provisions of the Indenture.

SECURITY FOR THE CERTIFICATES

GENERAL

Each Certificate evidences and represents an undivided proportionate interest in the Installment Payments required under the Purchase Contract to be paid by the Board to the Trustee. The Board has covenanted under the Purchase Contract to include in each of its annual budget appropriation requests to the Illinois General Assembly a request for funds sufficient to pay that portion of the Installment Payments and Additional Payments due and payable during the next occurring fiscal year of the State to be paid from State-appropriated funds. The Board has further covenanted to include in each annual operating budget for the University an amount of Legally Available Nonappropriated Funds which, when combined with the State-appropriated funds, will be sufficient to make the Installment Payments and Additional Payments when due in each fiscal year.

THE BOARD'S OBLIGATION TO MAKE INSTALLMENT PAYMENTS UNDER THE PURCHASE CONTRACT DOES NOT CONSTITUTE A DEBT OF THE BOARD OR THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE INSTALLMENT PAYMENTS REQUIRED UNDER THE PURCHASE CONTRACT INCURRED BY THE BOARD ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE STATE AND ARE NOT REQUIRED TO BE REPAID AND MAY NOT BE REPAID, DIRECTLY OR INDIRECTLY, FROM TAX REVENUE. PAYMENT OF THE PRINCIPAL AND INTEREST REPRESENTED BY THE CERTIFICATES WILL BE MADE BY THE TRUSTEE SOLELY FROM (A) AMOUNTS DERIVED UNDER THE TERMS OF THE PURCHASE CONTRACT, INCLUDING INSTALLMENT PAYMENTS, (B) AMOUNTS FROM TIME TO TIME ON DEPOSIT WITH THE TRUSTEE OR HELD BY THE BOARD UNDER THE TERMS OF THE INDENTURE, AND (C) PROCEEDS FROM THE EXERCISE OF REMEDIES BY THE TRUSTEE UNDER THE INDENTURE.

The Board has the right to terminate the Purchase Contract and its obligation to pay Installment Payments, as described below under "– Termination of Purchase Contract."

TERMINATION OF PURCHASE CONTRACT

Term of Agreement. The term of the Purchase Contract shall continue until April 1, 2036* (the "Expiration Date") unless earlier terminated.

Termination of Purchase Contract Upon Nonappropriation and Nonavailability of Funds. The Purchase Contract and the Board's obligation to pay Installment Payments and Additional Payments thereunder is subject to termination 60 days after the Board certifies to the Trustee that the General Assembly of the State has made a determination not to appropriate requested funds necessary to make that portion of the Installment Payments due during the then-current fiscal year payable from State-appropriated funds (an "Event of Nonappropriation") and the Board has determined that there are not sufficient Legally Available Nonappropriated Funds to fund the portion of the Installment Payments coming due during the then-current fiscal year. The termination of the Purchase Contract would be effective on the date that is 60 days following such certification.

Prepayment Options. The Purchase Contract is subject to termination prior to its Expiration Date to the extent the Indenture is discharged by its terms. Such discharge may require that the Board exercise its option to prepay the Installment Payments in whole or in part in connection with an optional redemption of the Certificates as described above under the subheading "DESCRIPTION OF THE CERTIFICATES – Redemption – *Optional Redemption*."

In addition, on or after an Event of Nonappropriation and determination by the Board of the existence of insufficient Legally Available Nonappropriated Funds, the Board may exercise its option to purchase all of the Improvements by paying the prepayment price of principal and accrued interest on all of the Certificates to the date that the Purchase Contract is to be terminated. See "PURCHASE CONTRACT – Purchase Option; Prepayment" in APPENDIX C hereto.

In the event the Purchase Contract is terminated, as described under the subheading "– Termination of Purchase Contract Upon Nonappropriation and Nonavailability of Funds," above, and the Board does not exercise its option to prepay the outstanding Certificates in connection therewith, the Board will have no further payment obligations under the Purchase Contract. Upon such termination as a result of an Event of Nonappropriation or upon an Event of Default under the Indenture, the Trustee may exercise one or more of the remedies provided in the Indenture, and apply the proceeds thereof, if any, along with the moneys in the Installment Payment Fund and the Acquisition Fund, if any, to the payment of the Certificates. However, due to the nature of the Improvements, it is unlikely that revenues from the Trustee's sale or rental of the Improvements would be sufficient to pay in full the principal of, premium, if any, or interest on, the outstanding Certificates.

For a further discussion of certain risks associated with the termination of the Purchase Contract, see "CERTIFICATE OWNERS' RISKS - Termination of the Purchase Contract" and "- Limited Nature of the Improvements."

SOURCES OF PAYMENTS

The Board is obligated to make Installment Payments either from funds derived from State appropriations or from Legally Available Nonappropriated Funds on an annual basis. The State appropriated funds and the sources of revenue derived from Board activities are more fully described in APPENDIX A.

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* Preliminary, subject to change.

The Illinois Constitution of 1970 requires the General Assembly to appropriate moneys for the purpose of operating and maintaining all State institutions of higher learning. Such moneys are derived from taxation as well as from other sources as determined by the General Assembly to insure the proper maintenance of the institutions. State appropriated funds represent a significant percentage of the Board's revenues.

Public Act 93-0229, signed into law by the Governor of the State of Illinois on July 22, 2003, amended the State Finance Act by the addition of a new section with respect to appropriations for higher education. Such Act provided that for fiscal years commencing with Fiscal Year 2005 State appropriations for operations to the Board, and to the boards of all of the other public universities, shall identify the amounts appropriated for personal services, State contributions to social security for Medicare, contractual services, travel, commodities, equipment, operation of automotive equipment, telecommunications, awards and grants, and permanent improvements (each a line item), rather than provide for appropriations in a single, combined amount. Debt service on the Certificates would appear under the contractual services categories.

The Board is authorized by law to retain all tuition ("Tuition") and fees ("Fees") in its treasury and to credit such amounts to an account known as the University Income Fund.

Outstanding revenue bonds of the Board that have a pledge on Tuition and certain Fees include the Auxiliary Facilities System ("AFS") Revenue Bonds. Under the bond resolutions for the AFS Revenue Bonds, the Board is also required to transfer pledged Tuition and certain Fees to pay for the operating and maintenance costs for such system, to the extent system revenues, and other available funds, are insufficient therefor.

The Board retains the option to issue additional bonds with a pledge of Tuition and certain Fees in accordance with the provisions of the resolutions authorizing the AFS Revenue Bonds.

Net Tuition and Fees were $62,305,638 in Fiscal Year 2007 and $66,225,748 in Fiscal Year 2008. Maximum annual debt service on the Auxiliary Facilities System Revenue Bonds in any future year is $5,236,891.

See "APPENDIX A – AUXILIARY FACILITIES SYSTEM" for a description of the Auxiliary Facilities System.

OTHER LEGALLY AVAILABLE FUNDS

Legally Available Nonappropriated Funds are any budgeted legally available funds of the Board derived from sources other than State appropriations on an annual basis. Such funds include, but are not limited to, student tuition and fees (in excess of an amount not to exceed annual debt service and mandatory transfers in each Fiscal Year pursuant to the resolutions authorizing the AFS Revenue Bonds, which amount is pledged to the AFS Revenue Bonds), certain investment income, Build America Payments relating to the Certificates and indirect cost recoveries on grants and contracts. None of the net revenues of the Auxiliary Facilities System are Legally Available Nonappropriated Funds; however, certain operating expenses of the Auxiliary Facilities System do provide Legally Available Nonappropriated Funds for repayment of the Certificates.

There are $4,285,000 outstanding Certificates of Participation (Energy Conservation Project), Series 2001 (the "Series 2001 Certificates"), $4,845,000 outstanding Certificates of Participation (Energy and Network Infrastructure Project), Series 2003 (the "Series 2003 Certificates") and $9,200,000 outstanding Certificates of Participation (Capital Improvement Projects), Series 2005 (the "Series 2005 Certificates") issued on behalf of the Board.

Various factors outside the control of the Board may materially affect the funding levels from State appropriations and from the other sources referred to above. Public Act 93-0228, signed into law by the Governor of the State of Illinois on July 22, 2003, amends the Eastern Illinois University Law, 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.

The General Assembly could further change the process by which it makes appropriations for the Board. Any significant change in the level of State appropriations or Legally Available Nonappropriated Funds could affect the Board's ability to pay Installment Payments.

CERTIFICATE INSURANCE*

The Board has applied for a financial guaranty insurance policy to guaranty the scheduled payment of principal and interest on the Certificates. If the Board receives an insurance commitment and it is in the best interests of the Board that such insurance is acquired, then the Board anticipates that all or a portion of the Certificates will be so insured (the "Insured Certificates").

ESTIMATED SOURCES AND USES OF FUNDS

The University currently estimates the sources and uses of funds for the Certificates (exclusive of accrued interest) to be applied as follows:

Sources of Funds

Principal Amount of Certificates	$
Plus Original Issue Premium (or Less Discount)	
Issuer Funds	
Estimated Earnings [1]	
Total Sources of Funds	$

Uses of Funds

Cost of the Improvements and Capitalized Interest	$
Underwriters' Discount [2]	
Costs of Issuance	
Total Uses of Funds	$

(1) Investment earnings during construction on amounts on deposit in the Acquisition Fund are estimated at ____%.
(2) Includes the certificate insurance premium to be paid by the Underwriters (if acquired).

* Preliminary, subject to change.

THE IMPROVEMENTS

The Improvements will consist of (i) a new Renewable Energy Center, including a biomass-fueled combined heat and power facility and related improvements, to replace the University's existing coal-fired steam plant and (ii) a variety of energy conservation measures and improvements that will result in energy cost savings to the University. Replacing the current outdated steam plant will increase reliability, substantially reduce deferred maintenance, and generate energy cost savings. A list of the individual components of the Improvements are listed in the table below:

Improvement Description	Total Estimated Cost *
Combined Heat and Power Facility	$56,550,000
Gas-Fired Boiler & Installation in Steam Plant	2,000,000
69 kV Switchyard	4,284,658
Electrical Feed to Carman	331,860
Replace 480-120/208 Transformers	167,163
Lighting Retrofits	1,024,844
Occupancy Sensors	389,309
Water Retrofits	403,312
Window Replacements	6,199,543
Chilled Water Loop Modifications	6,812,864
Pool Ventilation Optimization	109,987
Retrocommissioning	647,722
Building Envelope Sealing	724,713
Heat Recovery Chillers	236,518
Lumpkin Heat Exchanger	142,640
Electric to Gas Heat Conversions	59,432
Insulate Condensate Lines	25,852
Fine Arts Finned Tube Retrofit for NSB	39,663
Fine Arts Lighting Retrofits	281,406
Fine Arts VAV Retrofits	101,371
Fine Arts Water Conservation	1,648
Fine Arts Pressure Independent Valves	81,581
Fine Arts ABS Chiller Connection to CW Loop	133,140
Connect Refrigeration Units to CW Loop	132,521
University Court Water Retrofits	159,498
Investment Grade Audit	596,750
Total	$81,637,995

These improvements will provide the University with a program for implementing comprehensive energy improvement measures on a guaranteed performance-contract basis. The Public University Energy Conservation Act (the "Act") allows public universities to enter into guaranteed energy savings contracts with qualified providers. Under the terms of these contracts, Energy Service Companies (ESCo's) perform energy audits and recommend energy conservation measures (e.g., lighting modifications, water conservation, chiller replacements, etc.) to reduce energy consumption. The energy and operational savings generated from these energy conservation measures are then used by the University to pay for the project.

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* Preliminary, subject to change.

april 3, 2009

eastern illinois university - renewable energy center
north east view

The Act requires the ESCo to guarantee that energy and/or operational cost savings will meet or exceed the costs of the project. Should the amount of projected energy savings guaranteed not be realized in a given year, the ESCo is required to reimburse the University for any shortfall under the terms of the contract. ESCo's are also required to provide a sufficient bond to the University for faithful performance of all measures included in the contract.

A project of this type allows the University to reduce utility costs and use the savings to fund improvements to infrastructure and retrofit aging equipment as well as provide an opportunity to address some deferred maintenance issues without requiring additional funding from the State or students.

CERTIFICATE OWNERS' RISKS

The purchase of the Certificates involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective Certificate Owner should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are set forth below.

LIMITED OBLIGATIONS

Each Certificate evidences a proportionate interest in the right to receive payments made by the Board under the Purchase Contract. Such obligations constitute currently budgeted operating expenditures by the Board and, in the opinion of Special Counsel, do not constitute a general obligation or other indebtedness of the State or the Board within the meaning of the Constitution or laws of the State.

TERMINATION OF THE PURCHASE CONTRACT

As described above under the subheading "SECURITY FOR THE CERTIFICATES – Termination of Purchase Contract," the Purchase Contract is subject to termination prior to the Expiration Date upon the occurrence of certain events.

There is no assurance that the Purchase Contract will not be terminated prior to the Expiration Date.

In the event that the Purchase Contract is terminated, for whatever reason, and the Installment Payments are not prepaid by the Board in whole, the Trustee may use the moneys in the Installment Payment Fund, the Acquisition Fund and its interest in the Improvement Contracts, to make payments on the Certificates. The Trustee may also take such action as may be necessary to enforce the payment of the Board's obligations under the Purchase Contract. Should an Event of Default occur, the Trustee may terminate the Purchase Contract and exercise remedies. No assurance can be made as to the amount of funds available from any source for the payment of the Certificates. Due to the nature of the Improvements, it is unlikely that revenues from the Trustee's exercise of such remedies would be sufficient to pay in full the principal, interest or premium, if any, with respect to the Certificates.

CHAPMAN AND CUTLER LLP EXPRESSES NO OPINION FOR FEDERAL INCOME TAX PURPOSES AS TO ANY MONEYS RECEIVED IN PAYMENT OF OR WITH RESPECT TO THE SERIES 2009A-1 CERTIFICATES SUBSEQUENT TO TERMINATION OF THE BOARD'S OBLIGATIONS UNDER THE PURCHASE CONTRACT.

DELAYS IN EXERCISING REMEDIES

The enforceability of the Purchase Contract and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and of liens securing such rights, and the police powers of the State of Illinois and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to pursue remedies may result in delays in payment of the Certificates.

LIMITED NATURE OF THE IMPROVEMENTS

The Improvements to be financed through the issuance of the Certificates constitute facilities, improvements and equipment that are designed for the purpose of providing heating, cooling, electricity and energy cost savings at the University's Charleston campus. Due to the limited purpose of the Improvements, it is unlikely that the proceeds of any sale or rental by the Trustee of its interest in the Improvements upon an Event of Default under the Purchase Contract would be sufficient to pay in whole or in substantial part the principal of or interest on the outstanding Certificates.

DESTRUCTION OF THE IMPROVEMENTS

The Purchase Contract requires that the Board maintain property and casualty insurance and/or self-insurance of such types and in such amounts as are customary for similar institutions carrying on similar activities. Under the Purchase Contract, upon any damage to or destruction of any portion of the Improvements, the original cost of which, in the aggregate, exceeds $250,000, the Board shall take one of the following actions, in the sole discretion of the Board Representative: (i) restore, repair or replace such damaged or destroyed Improvements to their original condition; (ii) amend the Purchase Contract to add additional Improvements having at least the same original cost as such damaged or destroyed Improvements or (iii) secure the payment of the portion of Installment Payments relating to such damaged or destroyed Improvements by a deposit with the Trustee of an amount which, upon investment together with investment earnings, will be sufficient to pay a portion of the unpaid Installment Payments, including the principal and interest components thereof. Such portion of the principal component of the unpaid Installment Payments in each year shall be determined by multiplying the amount of the principal component of the unpaid Installment Payments due in each year by the ratio of (a) the original cost of such damaged or destroyed Improvements paid from the proceeds of the Certificates to (b) all Acquisition Costs, rounded up to the nearest $5,000 of principal amount in each year.

THE TRUSTEE

U.S. Bank National Association, the Trustee, is a national banking association organized under the laws of the United States. Its corporate trust headquarters are located at 209 South LaSalle Street, Chicago, Illinois.

The Trustee will enter into the Acquisition Agreement, the Purchase Contract and the Indenture to facilitate the financing of the Improvements. The Trustee is not financially liable for the Installment Payments and the Certificate Owners will have no right to look to the Trustee for payment of the Certificates. The obligations of the Trustee with respect to the Certificates and the Improvements are limited to those specifically provided for in the Purchase Contract and the Indenture.

TAX MATTERS

THE SERIES 2009A-1 CERTIFICATES

Federal tax law contains a number of requirements and restrictions that apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Series 2009A-1 Certificate proceeds and the facilities financed therewith and certain other matters. The Board has covenanted to comply with all requirements that must be satisfied in order for the interest represented by the Series 2009A-1 Certificates to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest represented by the Series 2009A-1 Certificates to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009A-1 Certificates.

Subject to the Board's compliance with the aforementioned covenants, under present law, in the opinion of Chapman and Cutler LLP, Special Counsel, the portion of each Installment Payment made by the Board under the Purchase Contract and denominated as interest pursuant to the Purchase Contract (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations and (iii) is not taken into account in computing "adjusted current earnings" as described below.

CHAPMAN AND CUTLER LLP EXPRESSES NO OPINION FOR FEDERAL INCOME TAX PURPOSES AS TO ANY MONEYS RECEIVED IN PAYMENT OF OR WITH RESPECT TO THE SERIES 2009A-1 CERTIFICATES SUBSEQUENT TO TERMINATION OF THE BOARD'S OBLIGATION UNDER THE PURCHASE CONTRACT.

In rendering its opinion, Special Counsel will rely upon certifications of the Board with respect to certain material facts within the Board's knowledge. Special Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include all tax-exempt interest, but not interest with respect to the Series 2009A-1 Certificates.

Ownership of the Series 2009A-1 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2009A-1 Certificates should consult their own tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Series 2009A-1 Certificates is the price at which a substantial amount of such maturity of the Series 2009A-1 Certificates is first sold to the public. The Issue Price of a maturity of the Series 2009A-1 Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Series 2009A-1 Certificates is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2009A-1 Certificates (the "OID Series 2009A-1 Certificates") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Series 2009A-1 Certificate in the initial public offering at the Issue Price for such maturity and who holds such OID Series 2009A-1 Certificate to its stated maturity, subject to the condition that the Board complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Series 2009A-1 Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Series 2009A-1 Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code; (d) such original issue discount is not taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (e) the accretion of original issue discount in each year may result in certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Series 2009A-1 Certificates is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Series 2009A-1 Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Series 2009A-1 Certificates.

Owners of Series 2009A-1 Certificates who dispose of Series 2009A-1 Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2009A-1 Certificates in the initial public offering, but at a price different from the Issue Price or purchase Series 2009A-1 Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Series 2009A-1 Certificate is purchased at any time for a price that is less than the Series 2009A-1 Certificate's stated redemption price at maturity or, in the case of an OID Series 2009A-1 Certificate, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Series 2009A-1 Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2009A-1 Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Series 2009A-1 Certificate for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2009A-1 Certificate. Purchasers should consult their tax advisors regarding the potential implications of market discount with respect to the Series 2009A-1 Certificates.

An investor may purchase a Series 2009A-1 Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2009A-1 Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2009A-1 Certificate. Investors who purchase a Series 2009A-1 Certificate at a premium should consult their tax advisors regarding the amortization of bond premium and its effect on the Series 2009A-1 Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2009A-1 Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2009A-1 Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to securities issued prior to enactment. Prospective purchasers of the Series 2009A-1 Certificates should consult their tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2009A-1 Certificates. If an audit is commenced, under current procedures the Service will treat the Board as the taxpayer and the Series 2009A-1 Certificate holders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2009A-1 Certificates until the audit is concluded, regardless of the ultimate outcome.

Interest with respect to the Series 2009A-1 Certificates is not exempt from present Illinois income taxes. Ownership of the Series 2009A-1 Certificates may result in state and local tax consequences to certain taxpayers. Special Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2009A-1 Certificates. Prospective purchasers of the Series 2009A-1 Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

THE SERIES 2009A-2 CERTIFICATES

Interest on the Series 2009A-2 Certificates is not excludable from gross income for federal income tax purposes. Ownership of the Series 2009A-2 Certificates may result in other federal income tax consequences to certain taxpayers. Series 2009A-2 Certificate owners should consult their own tax advisors concerning tax consequences of ownership of the Series 2009A-2 Certificates. Interest with respect to the Series 2009A-2 Certificates is also includable in the calculation of Illinois state income tax for Certificate owners who are residents of Illinois. Ownership of the Series 2009A-2 Certificates may result in other state and local tax consequences to certain taxpayers, and Special Counsel expresses no opinion regarding any collateral consequences arising with respect to the Series 2009A-2 Certificates.

As part of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), Congress added provisions to the Code which permit state or local governments to obtain certain tax advantages when issuing certain taxable obligations, referred to as "Build America Bonds." A Build America Bond must satisfy certain requirements, including that the interest on the Build America Bonds would be, but for the issuer's election to treat such bonds as Build America Bonds, excludable from gross income under Section 103 of the Code. The Board intends to make an irrevocable election to treat the Series 2009A-2 Certificates as Build America Bonds. As a result of this election, interest on the Series 2009A-2 Certificates will be includable in gross income of the holders thereof for federal income tax purposes and the holders of the Series 2009A-2 Certificates will not be entitled to any tax credits as a result either of ownership of the Series 2009A-2 Certificates or of receipt of any interest payments on the Series 2009A-2 Certificates. Certificateholders should consult their tax advisors with respect to the inclusion of interest on the Series 2009A-2 Certificates in gross income for federal income tax purposes.

LITIGATION

To the best of the knowledge of appropriate Board officials, there are no lawsuits pending or threatened against the Board that question its right to enter into the financing documents or the validity or enforceability thereof or to consummate the transactions described therein or herein; nor are there lawsuits pending or threatened against the Board that, if decided adversely to the Board, would, individually or in the aggregate, impair the Board's ability to comply with all the requirements set forth in the financing documents or have a material adverse effect upon the financial condition of the University.

LEGAL MATTERS

Certain legal matters incidental to the authorization, validity and enforceability of the Purchase Contract and the authorization, issuance and sale of the Certificates are subject to the approving legal opinions of Chapman and Cutler LLP, as Special Counsel ("Special Counsel"). The proposed forms of such opinions are attached hereto as APPENDIX D. Certain legal matters will be passed upon for the Board by its University General Counsel and for the Trustee by its Law Department.

UNDERWRITING

The Underwriters for the Certificates have agreed, subject to certain customary conditions precedent to closing, to purchase the Certificates from the Board at a combined purchase price of $__________ (which is equal to the original principal amount of the Certificates, plus/less a net premium/discount of $__________, less a certificate insurance premium of $__________ to be paid to the certificate insurer by the Underwriters (if purchased) and less an underwriting discount of $__________). The Underwriters will be obligated to purchase all of the Certificates if any are purchased. The Underwriters may offer and sell the Certificates to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

FINANCIAL ADVISOR

John S. Vincent & Company LLC is serving as Financial Advisor to the Board on debt and capital related issues, including the issuance of the Certificates.

FINANCIAL STATEMENT

The financial statement of the University as of June 30, 2008 is set forth in APPENDIX B. This financial statement has been audited by E.C. Ortiz & Co., LLP, independent auditors, as set forth in their report thereon also set forth in APPENDIX B.

Audited financial statements for the University for the fiscal years ended June 30, 2007, 2006, 2005 and 2004 are on file with and may be obtained from the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system for municipal securities disclosure and such audited financial statements are incorporated in this Official Statement by reference thereto. Copies of such audited financial statements may also be obtained from the Office of the Vice President for Business Affairs, Eastern Illinois University, 600 Lincoln Avenue, Charleston, Illinois 61920-3099 and at the office of the University's Financial Advisor, John S. Vincent & Company, LLC, 208 S. LaSalle Street, Suite 1625, Chicago, Illinois.

DESCRIPTION OF RATINGS

[Moody's Investors Service and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), have assigned the Certificates the respective ratings of "___" and "___" with the understanding that upon delivery of the Certificates, a policy insuring the payment when due of the principal of and interest on the Certificates will be issued by ____ (if purchased by the Underwriters).]

In addition, Moody's Investors Service [and Standard & Poor's, respectively,] has[have] assigned underlying ratings[, respectively,] of "___" [and "___"] to the Certificates.

Such rating[s] express only the view[s] of the above rating [agencies]. An explanation of the significance of each of the rating[s] may be obtained from the rating agency furnishing the same. The rating[s] [are] not a "market" rating nor a recommendation to buy, sell, or hold the Certificates, and the rating[s] and the Certificates should be evaluated independently. There is no assurance that [either of] such rating[s] will continue for any given period of time or will not be revised, or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Except as required under the Continuing Disclosure Agreement, the Board undertakes no responsibility either to bring to the attention of the Owners of the Certificates any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission, the Board has agreed in a Continuing Disclosure Agreement to provide to certain parties certain annual financial information and operating data and notices of certain material events. The proposed form of the Continuing Disclosure Agreement is included as APPENDIX E to this Official Statement. The Board is in compliance with each and every undertaking previously entered into by it pursuant to Rule 15c2-12. The Continuing Disclosure Agreement may be enforced by any beneficial or registered Owner of Certificates, but the Board's failure to comply will not be a default under the Indenture.

ADDITIONAL INFORMATION

All of the summaries of the opinions, contracts, agreements, financial and statistical data, and other related documents described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection at the offices of the Board's Financial Advisor, John S. Vincent & Company LLC, 208 South La Salle Street, Suite 1625, Chicago, Illinois 60604, or at the University's Office of the Vice President for Business Affairs, 1140 Old Main, 600 Lincoln Avenue, Charleston, Illinois 61920.

CERTIFICATION

As of the date hereof, this Official Statement is, to the best of my knowledge, complete and correct in all material respects and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. The preparation of this Official Statement and its distribution have been authorized by the Board of Trustees of Eastern Illinois University.

BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

BY: ______________________________

Treasurer

APPENDIX A

EASTERN ILLINOIS UNIVERSITY

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APPENDIX A

EASTERN ILLINOIS UNIVERSITY

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EASTERN ILLINOIS UNIVERSITY

BACKGROUND

Eastern Illinois University, a state-supported institution founded in 1895, is in Charleston, Illinois, a residential community of 20,000 located 200 miles south of Chicago and 50 miles west of Terre Haute, Indiana. Over the past century, the University has expanded into a campus of approximately 320 acres with 72 buildings serving academic, administrative and student residential and recreational needs. In the fall of 2008, there were 10,863 actual on-campus students that were enrolled in 44 undergraduate and 25 graduate degree granting programs with a faculty of over 800.

Originally established as a teachers' college, today the University encompasses four academic colleges, an Honors College, Graduate School and School of Continuing Education. Undergraduate and graduate degrees are offered through the College of Arts and Humanities, the Lumpkin College of Business and Applied Sciences (which includes the School of Business, the School of Family and Consumer Sciences and the School of Technology), the College of Sciences, and the College of Education and Professional Studies. The School of Continuing Education offers undergraduate degrees to nontraditional students and maintains strong off-campus programming, serving 42 additional centers throughout central Illinois during the 2008-2009 school year.

ACCREDITATION

Eastern Illinois University is accredited through the specialist level by the Higher Learning Commission of the North Central Association of Colleges and Schools and by the National Council for Accreditation of Teacher Education for the preparation of school personnel. In addition, the business programs offered by the Lumpkin College of Business and Applied Sciences are accredited by the Association to Advance Collegiate Schools of Business. The industrial technology programs are accredited by the National Association of Industrial Technology and the programs in Family and Consumer Sciences are accredited by The American Association of Family and Consumer Sciences, and the American Dietetic Association.

The programs in art are accredited by the National Association of Schools of Art and Design. The B.S. degree in Chemistry is accredited by the American Chemical Society. The B.A. degree in Journalism is accredited by the Council on Education in Journalism and Mass Communication.

The programs in music are accredited for the B.Mus. degrees by the National Association of Schools of Music. The B.S. degree in Physical Education with Athletic Training is accredited by the Commission on Accreditation of Allied Health Education Programs. The B.S. degree in Recreation Administration is accredited by the National Recreation and Parks Association. The programs in Theatre Arts are accredited by the National Association of Schools of Theatre. The programs in Communication Disorders and Sciences are accredited by the American Speech-Language-Hearing Association. Eastern's Counseling Service is accredited by the International Association of Counseling Services.

MISSION STATEMENT

Eastern Illinois University is a public comprehensive university that offers superior, accessible undergraduate and graduate education. Students learn the methods and results of free and rigorous inquiry in the arts, humanities, sciences, and professions, guided by a faculty known for its excellence in teaching, research, creative activity, and service. The University community is committed to diversity and inclusion and fosters opportunities for student-faculty scholarship and applied learning experiences within a student-centered campus culture. Throughout their education, students refine their abilities to reason and to communicate clearly so as to become responsible citizens and leaders. This mission is supported by the University's emphasis on the following elements of quality: (1) Relative Size - large enough to provide comprehensive academic programs, yet small enough to provide individual attention to students; (2) Teaching Excellence - faculty focus on teaching with relatively small classes; (3) Sound Curriculum - an integrated core program with a strong liberal arts and sciences foundation; (4) Individual Development - a full range of campus activities to enhance the total student experience; and (5) Affordability - tuition, fees and financial aid are at levels which provide affordable access to quality education.

BOARD OF TRUSTEES

The University is governed by its Board of Trustees which is composed of seven voting members, appointed by the Governor of the State of Illinois, with the advice and consent of the Senate, plus one voting student member. The Board is responsible for the general supervision and management of the University's educational program, its lands, buildings and other properties, and controls the revenues and expenditures in support thereof.

The present members, officers and principal staff of the Board and the principal officers of the University are set forth below. There is currently one vacancy on the Board.

Board of Trustees	**Term Expires***
Roger L. Kratochvil, Member Pro-tem	2007
Julie Nimmons	2007
William O'Rourke, Chairperson	2011
Robert D. Webb, Secretary	2011
Leo Welch, Vice Chairperson	2013
Donald Yost	2011
Eric Wilber, Student Member (One Year Term)	2010

* Members appointed to the Board continue to serve in such capacity until their successors are appointed and qualified.

Officers of the University

William L. Perry	President
Blair M. Lord	Provost and Vice President for Academic Affairs
William V. Weber	Vice President for Business Affairs
Jill F. Nilsen	Vice President for External Relations
Daniel P. Nadler	Vice President for Student Affairs

PRINCIPAL OFFICERS OF THE UNIVERSITY

William L. Perry. Dr. Perry began serving Eastern Illinois University as president on July 1, 2007, following 36 years of service to higher education in Texas.

Dr. Perry, who was born and raised in the Midwest, received his M.A. and Ph.D. degrees in mathematics from the University of Illinois, Urbana-Champaign. In his subsequent career at Texas A&M University, he proceeded through the tenured faculty ranks in mathematics, and then served in increasingly responsible administrative roles involving multiple areas of budget, personnel and planning for the university, academic affairs and facilities. While at Texas A&M, he received numerous honors and awards in recognition for his service in teaching and in administration.

As an undergraduate, Dr. Perry attended Park College in Parkville, Missouri, where he majored in mathematics and history, and played basketball. In 1999, he received the Distinguished Alumnus Award from Park.

Blair M. Lord. Dr. Lord was named Provost and Vice President for Academic Affairs in August 2001. His career spans over 30 years beginning in 1976 as an Assistant Professor of Finance and Insurance with the University of Rhode Island. In his years at Rhode Island, he also served as department chairperson and most recently as the Vice Provost for Academic Affairs. Dr. Lord received his bachelor's and Ph.D. in Economics from the University of California at Davis. His academic work has focused on the study of consumer behavior in insurance markets, while in his administrative career he has spanned a broad range of academic matters from accreditation to the re-engineering of enrollment services.

William V. Weber. Dr. Weber was recently appointed Vice President for Business Affairs effective July 1, 2009. He began his career at the University as a faculty member in the Economics Department in 1988 and became a professor in 1995. Administratively, Dr. Weber has served the University as Director of the Office for Economic Education and as Associate Dean of the College of Sciences. He has most recently served as Interim Budget Director since 2007 and as Associate Vice President for Academic Affairs and Director of Summer Sessions. Prior to joining the University, Dr. Weber completed a post-doctoral appointment at Dartmouth College and served on the faculty at Illinois State University. Dr. Weber earned his Ph.D. in Economics from the University of Kansas in 1985. His work has been published in a number of edited volumes and journals, including the *Journal of Economic Education*, *Public Finance Review* and the *Journal of Economics*.

Jill F. Nilsen. Dr. Nilsen was appointed Vice President of External Relations in July, 2001, after serving in that position in an acting capacity since August 1998. She began her career at the University as a faculty member in the Department of Communication Disorders and Sciences. She has worked for the past 16 years in university administration, holding the positions of Executive Director of External Relations, Associate Dean of the Graduate School, and Chairperson of the Department of Communication Disorders and Sciences. Dr. Nilsen received her Ph.D. in speech and hearing science in 1983 from the University of Illinois and her bachelor's and master's in speech pathology/audiology from Eastern Illinois University. She is a licensed speech language pathologist in the State of Illinois, and is a member of the American Speech-Language Hearing Association, the Illinois Speech-Language Hearing Association, the Society for College and University Planners and the Council for the Advancement and Support of Education.

Daniel P. Nadler. Dr. Nadler was appointed Vice President for Student Affairs in June, 2005. Prior to his arrival at Eastern, Dr. Nadler was the Associate Vice President for Student Affairs at Tulane University in New Orleans. While at Tulane, he served in a variety of capacities and received several honors and awards including the National Association of Student Personnel Administrators Bob E. Leach Award for Outstanding Service to Students.

In addition to his current senior administrative position, Dr. Nadler is active on the national level, having served as Senior Associate Editor for The Journal of College Orientation and Transition, presenting papers at professional conferences, and publishing journal articles and books on a variety of higher education issues with special emphasis on student and faculty orientation programs, transfer students, student governance, and college student development.

Dr Nadler earned his Ph.D., in Higher Education, Master of Science Degree in Speech Communication and Bachelor of Science Degree in Liberal Education from Southern Illinois University. While at Southern, Dr. Nadler held a variety of administrative positions and teaching assignments.

Administrative Organization

The President has full power and responsibility for the organization, management, direction and supervision of the University and is held accountable to the Board for the successful functioning of the institution in all its departments, divisions and services. Dr. Perry manages the general administration of the University, with the assistance of the operating vice presidents.

The Provost and Vice President for Academic Affairs is the University's chief academic officer. Dr. Lord is responsible for administering the University's academic deans, Enrollment Management (Admissions and Registrar), Grants and Research, Grievance Officer, Honors College, Minority Affairs and Student Publications.

The Vice President for Business Affairs is the University's chief financial and business officer. Dr. Weber is responsible for supervision, coordination and administration of the Budget Office, Business Services, Information Technology Services, Human Resources, Facilities Planning and Management and Environmental Health and Safety, Records Management and the broad areas of service related to these units.

The Vice President for External Relations serves as the University's liaison to external constituencies. Dr. Nilsen is responsible for administering University Marketing and Communications, Board Relations, Governmental Relations, WEIU Radio/TV Center, Special Events, Planning and Institutional Studies, Commencement, Alumni Services and Philanthropy.

The Vice President for Student Affairs serves as the chief student affairs officer for the University. Dr. Nadler is responsible for Intercollegiate Athletics, University Police, Student Judicial Affairs, Financial Aid and Textbook Services, Student Services/Career Services (Health Services, Medical Services, University Union, Campus Recreation, Student Life and Student Legal Services) and Housing and Dining Services.

Faculty, student, and staff participation in the governance of the University is accomplished through the Faculty Senate, Staff Senate, Student Government, the Civil Service Council and membership on standing and ad hoc committees. These bodies and their committees consider and recommend policies, curricula and procedures to the President. Eastern Illinois University and all other public institutions of higher education in Illinois are coordinated by the Illinois Board of Higher Education.

REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS OF THE UNIVERSITY

The following table, which is prepared on an accrual basis, summarizes the Revenue, Expenditures and Changes in Net Assets of the University, for Fiscal Years 2005 through 2008.

	Fiscal Year Ended June 30			
	2008	**2007**	**2006**	**2005**
OPERATING REVENUES:				
Student tuition and fees (net of scholarship allowances of $8,488,292, $6,947,174, $6,277,374, and $5,894,187, respectively)	$ 66,225,748	$ 62,305,638	$ 56,480,594	$ 49,726,069
Federal grants and contracts	10,354,207	9,421,164	8,737,303	8,340,373
State grants and contracts	4,041,978	4,118,304	4,035,120	3,781,050
Local grants and contracts	446,754	176,744	223,812	130,090
Private grants and contracts	1,175,323	880,619	1,141,573	1,927,681
Sale and service of educational departments	4,417,308	4,221,724	3,972,693	3,691,383
Auxiliary enterprises (net of scholarship allowances of $1,614,004, $1,294,796, $1,304,169, and $1,362,392, respectively)	39,416,747	37,943,403	36,096,832	33,777,288
Other operating revenues	2,752,203	2,491,975	2,493,714	2,361,455
TOTAL OPERATING REVENUES	**128,830,268**	**121,559,571**	**113,181,641**	**103,735,389**
OPERATING EXPENSES:				
Educational and general				
Instruction	80,496,843	75,436,556	70,108,070	67,892,563
Research	1,133,892	1,111,083	1,171,032	1,152,343
Public service	8,371,245	7,922,071	7,758,929	7,724,273
Academic support	14,354,957	13,509,570	12,254,338	11,993,150
Student services	19,132,739	18,012,013	17,606,275	16,287,373
Institutional support	18,359,463	17,730,818	16,319,773	16,648,005
Operations and maintenance of plant	13,179,805	11,458,348	10,895,526	10,845,988
Student Aid	5,886,312	6,083,286	5,128,002	4,384,504
Auxiliary enterprises	31,592,699	29,867,003	27,178,279	26,356,774
Depreciation expense	12,008,453	11,774,221	11,663,569	10,550,627
TOTAL OPERATING EXPENSES	**204,516,408**	**192,904,969**	**180,083,793**	**173,835,600**
Operating Income (loss)	(75,686,140)	(71,345,398)	(66,902,152)	(70,100,211)
NONOPERATING REVENUES (EXPENSES):				
State appropriations	49,189,200	48,282,450	47,609,499	47,609,309
Payments on behalf of the University	31,652,439	27,545,752	24,902,749	25,551,432
Gifts	2,297,218	2,950,537	2,356,684	2,437,745
Investment income (net)	1,799,245	2,535,992	1,888,134	917,046
Net increase (decrease) in the fair value of investments	(40,308)	141,586	15,700	57,522
Interest on capital asset-related debt	(2,595,950)	(2,845,848)	(2,964,097)	(2,756,638)
Nonoperating grants & contracts	2,878	(37,238)	(23,691)	85,440
Amortization of bond costs	981	(138,459)	(123,029)	(38,764)
Payments to the Foundation	(30,791)	(46,320)	(16,339)	(11,594)
(Loss) on disposal of capital assets	(146,145)	(100,942)	(103,609)	(1,245,197)
Blair Hall Fire gain	-0-	3,382,819	3,000,000	2,500,000
Other nonoperating activity	276,357	5,194	11,634	(18,376)
TOTAL NONOPERATING REVENUES (EXPENSES)	**82,405,124**	**81,675,523**	**76,553,635**	**75,087,925**
Income (loss) before capital contributions	6,718,984	10,330,125	9,651,483	4,987,714
Capital appropriations	2,657,335	402,505	381,209	335,934
Capital gifts and grants	306,172	476,306	53,873	1,304,598
Assets donated by other State agencies	2,455,532	17,688,297	21,240,680	3,391,529
INCREASE (DECREASE) IN NET ASSETS	**12,138,023**	**28,897,233**	**31,327,245**	**10,019,775**
NET ASSETS, BEGINNING OF YEAR	**$158,905,189**	**$130,007,956**	**$ 98,680,711**	**$ 88,660,936**
NET ASSETS, END OF YEAR	**$171,043,212**	**$158,905,189**	**$130,007,956**	**$ 98,680,711**

Source: Audited Financial Reports of the University for Fiscal Years 2005-2008.

2009 BUDGET AND STATE APPROPRIATIONS

The University receives a major portion of the revenues needed to sustain its educational and research activities from the State, tuition revenues and the federal government. The initial Board-approved operating budget for Fiscal Year 2010 provided a ___% [increase] over the operating budget for Fiscal Year 2009. The table below shows the components of the Fiscal Year 2010 budget compared with the final amounts from the adjusted Fiscal Year 2009 budget.

Fiscal Year 2010 Budget Versus Fiscal Year 2009 Budget
(in 000's)

	Budget 2010	Budget 2009	% Increase (% Decrease)
State Appropriations		$ 50,566	%
Payments on Behalf [(1)]		33,000	%
Tuition & Fees [(2)]		53,471	%
Local Funds [(3)]		89,305	%
Total Budget		$ 226,342	%

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

(2) Excludes tuition and fee waivers.

(3) Includes Sponsored Projects, Federal Financial Aid, Private Gifts, Auxiliary Enterprise Operations and various locally Designated Funds.

The University annually receives appropriations from the General Assembly of the State, which are to be applied to the educational and general expenditures of the University. In addition, payments are made by the State on behalf of the University for employee benefits and retirement contributions. The State funding received by the University for the past five Fiscal Years is set forth below:

State Funding to the University
Fiscal Year ended June 30
(in 000's)

	Unaudited 2009	2008	2007	2006	2005
Current Operating Funds	$	$ 49,189	$ 48,283	$ 47,609	$ 47,609
Payments on Behalf of University		31,652	27,546	24,903	25,551
Total	$	$ 80,841	$ 75,829	$ 72,512	$ 73,160

Source: Compiled by the Office of the Treasurer of the Board from audited Financial Reports of the University for Fiscal Years 2005-2008 and from unaudited preliminary financial information for Fiscal Year 2009.

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 of Illinois 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. However, on July 2, 2003, SURS received additional funding proceeds from the State as a result of House Bill 3759. The funding increase resulted from the State's issuance of pension related bonds which benefited from the favorable interest rate environment. This resulted in a substantial increase in the amount recognized as on-behalf revenues and benefit expenditures in the University's financial statements. The Fiscal Year 2004 amount was approximately $43.6 million versus the Fiscal Year 2003 amount of $6.7 million. In Fiscal Year 2005, this amount of on-behalf revenues and benefit expenditures decreased back down to $7.0 million and has been at comparable levels in subsequently reported Fiscal Years.

In addition, for Fiscal Years 2005, 2006, 2007, 2008 and 2009, the State provided direct appropriations of approximately $335,934, $381,209, $402,505, $2,657,335 and $________, respectively, in Capital Funds for University projects. The Capital Development Board also provided indirect capital improvement funding on behalf of the University for Fiscal Years 2005, 2006, 2007, 2008 and 2009 of approximately $3,391,529, $21,240,680, $17,688,297, $2,455,532, and $__________, respectively.

ACADEMIC PROGRAMS

Undergraduate:

Bachelor of Arts, Bachelor of Science, Bachelor of Science in Business, Bachelor of Science in Education and Bachelor of Music degrees are awarded in the fields of study shown below. In addition, the School of Adult and Continuing Education offers the Bachelor of Arts, General Studies degree.

College of Arts and Humanities:

- African-American Studies
- Art
- Communication Studies
- English
- Foreign Languages
- History
- Journalism
- Music
- Philosophy
- Theatre Arts

College of Business and Applied Sciences:

- Accounting
- Business Administration
- Career & Organizational Studies
- Career & Technical Education
- Family and Consumer Sciences
- Finance
- Industrial Technology
- Management
- Management Information Systems
- Marketing

College of Education and Professional Studies:

- Early Childhood Education
- Elementary Education
- Health Studies
- Physical Education
- Recreation Administration
- Special Education

College of Sciences:

- Biological Sciences
- Chemistry
- Clinical Laboratory Science (Cooperative)
- Communication Disorders & Sciences
- Economics
- Engineering (Cooperative)
- Geography
- Geology
- Mathematics
- Mathematics and Computer Science
- Nursing
- Physics
- Political Science
- Psychology
- Science with Teacher Certification
- Sociology
- Social Science Teaching

Graduate:

Master of Arts, Master of Science and Master of Science in Education degrees are offered in the fields of study listed below.

Master of Arts

- Art
- Clinical Psychology
- Communication Studies
- Economics
- English
- Gerontology
- History
- Mathematics
- Music
- Political Science

Master of Science

- Biological Sciences
- Chemistry
- College Student Affairs
- Communication Disorders and Sciences
- Counseling
- Family and Consumer Sciences
- Natural Sciences
- Physical Education
- Technology

Master of Science in Education

- Educational Administration
- Elementary Education
- Special Education

Additional graduate level degrees include Master of Business Administration and two Specialist degrees, one in School Psychology and the other in Educational Administration.

Graduate Certificates offered in the technology field of study include: Work Performance Improvement; Technology Security; Computer Technology; and Quality Systems. The School of Business offers a Graduate Certificate in Accountancy.

STUDENT ENROLLMENT

Set forth below are the on-campus and off-campus enrollments of the University for the past five academic years based on fall semester registrations. Approximately 97% of the student body are residents of the State of Illinois. Since the enrollment peak in 2006, there has been a planned reduction in enrollment, with a goal for total enrollment of approximately 12,000 students. For on-campus head-count enrollment, the preferred range for the University is between 10,400 and 11,000 students.

Actual Enrollment (On-Campus)

	2008	2007	2006	2005	2004
Undergraduate	9,636	9,797	9,937	9,825	9,429
Graduate	1,227	1,216	1,243	1,194	1,228
	10,863	11,013	11,180	11,019	10,657

Full-Time Equivalent Enrollment (On-Campus)

	2008	2007	2006	2005	2004
Undergraduate	9,003	9,210	9,428	9,336	9,052
Graduate	815	802	833	793	824
	9,818	10,012	10,261	10,129	9,876

Actual Enrollment (Off-Campus)

	2008	2007	2006	2005	2004
Undergraduate	625	613	655	550	499
Graduate	552	553	514	560	495
	1,177	1,166	1,169	1,110	994

Full-Time Equivalent Enrollment (Off-Campus)

	2008	2007	2006	2005	2004
Undergraduate	509	447	428	336	269
Graduate	318	313	313	288	264
	827	760	741	624	533

MATRICULATION

The table below shows applications, acceptances and enrollment for incoming freshmen and transfer students, based on fall semester enrollments, for the past six years.

	Applications Received			Applications Approved			Enrolled		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Freshmen	7,676	7,178	7,495	5,331	5,089	5,448	1,830	1,725	1,830
Transfer Students	2,069	1,907	1,974	1,588	1,544	1,611	1,112	1,101	1,052

	Applications Received			Applications Approved			Enrolled		
	2005	**2004**	**2003**	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**
Freshmen	7,682	8,542	8,103	5,975	6,457	6,313	1,719	1,803	1,983
Transfer Students	2,065	1,987	1,933	1,659	1,598	1,579	1,148	1,009	1,046

* All application and other enrollment information above includes both on-campus and off-campus totals.

STUDENT QUALITY

Freshmen applicants for admission to Eastern Illinois University are selected, dependent upon the availability of facilities and resources, from candidates who satisfy one of the following categories:

1. Rank in the top one quarter of their high school class based on six or more semesters or have a GPA of 3.00 (B or better)/4.00 scale and have an ACT composite score of at least 18 (SAT 860).
2. Rank in the top one half of their high school class based on six or more semesters or have a GPA of 2.50/4.00 scale and have an ACT composite score of at least 19 (SAT 910).
3. Rank in the top three quarters of their high school class based on six or more semesters or have a GPA of 2.25/4.00 and have an ACT composite score of at least 22 (SAT 1020).

Other applicants may be considered for admission on a space available basis.

The following table sets forth the average ACT scores of the freshmen class entering in the fall of the past five years.

2008	**2007**	**2006**	**2005** [1]	**2004**
22	21	22	22	21.9

(1) In 2005, the University's Office of Planning and Institutional Studies began rounding ACT scores to whole numbers.

These averages include the ACT scores of all entering freshmen including approximately 80 to 100 students who are admitted each year on a special admission basis. These special admissions students generally have test scores that are below the University's general admissions criteria described above.

FINANCIAL AID TO STUDENTS

Approximately 80.0% of the University's student body received some form of financial assistance in Fiscal Year 2008. Such financial aid included employment, loans, scholarships, grants and tuition waivers whose funding sources are through various federal, State and University programs. Financial aid in Fiscal Year 2008 totaled $92.2 million, of which 56% was funded from federal sources, 15% from the State, 17% from the University and 12% from other sources.

The following table sets forth the source of funding of financial aid expenditures for the past five fiscal years ending June 30.

	2008	**2007**	**2006**	**2005**	**2004**
SOURCE:					
Federal	$51,535,023	$51,022,098	$43,290,770	$40,719,138	$38,114,276
State	13,479,243	14,408,147	11,731,705	9,918,092	9,518,161
University	16,094,665	15,928,838	13,562,808	11,905,099	10,314,054
Other	11,076,755	9,526,727	8,921,373	6,314,302	4,750,785
	$92,185,686	$90,885,810	$77,506,656	$68,856,631	$62,697,276

Because federal and State support for student aid may decrease in the future, there is no assurance that the current levels or types of financial assistance will be maintained and the impact of any such changes on the University cannot be predicted.

TUITION AND FEES

Set forth below are the approved yearly tuition and major fees, for the last five years and for the current year, charged by Eastern Illinois University to full-time undergraduate students who are Illinois residents.

FISCAL YEAR	TUITION*	AUXILIARY FACILITIES	HEALTH INSURANCE	STUDENT ACTIVITY	TEXTBOOK RENTAL	SHUTTLE BUS
2005	$3,306.00	$526.50	$142.60	$215.86	$190.80	$21.80
2006	$3,703.20	$530.20	$146.90	$227.66	$190.80	$21.80
2007	$4,165.20	$534.78	$203.90	$234.26	$190.80	$21.80
2008	$4,665.60	$534.78	$219.90	$256.76	$214.80	$21.80
2009	$5,232.00	$696.36	$219.90	$279.46	$238.80	$21.80
2010						

FISCAL YEAR	COMPUTER TECHNOLOGY	GRANT-IN-AID	SOCIO-ECON. DISADVANTAGE	HEALTH SERVICES PHARMACY	STUDENT LEGAL	TOTAL
2005	$179.20	$161.10	$11.20	$143.20	$8.64	$4,906.90
2006	$191.70	$179.70	$12.50	$151.80	$9.04	$5,365.30
2007	$206.10	$199.24	$13.86	$165.80	$9.44	$5,945.18
2008	$206.10	$219.08	$15.22	$181.80	$9.94	$6,545.78
2009	$206.10	$239.26	$16.64	$181.80	$10.44	$7,342.56
2010						

* Commencing in Fiscal Year 2005, the tuition rate shown is for new students only. In 2003 the State of Illinois Public Act 93-0228 (110 ILCS 665/10-120) was signed into law and went into effect for the 2004-05 academic year. This statute provides that tuition for new undergraduate Illinois resident students will remain the same for four continuous academic years. The guaranteed tuition rate period is extended for undergraduate degree programs approved by the University for completion in more than four years. The extension is limited to the minimum number of additional semester(s) to complete the program as approved by the University. The list of programs approved by the University for completion in more than four years is maintained by the Provost.

AUXILIARY FACILITIES FEE

The Board expressly covenants to impose, if necessary, upon all students, staff members and others using or being served by, or having the right to use or the right to be served by the System, an increase to the Auxiliary Facilities Fee in an amount sufficient so that Net Revenues, Pledged Fees and Pledged Tuition in each Fiscal Year is at least equal to 200 percent of (2.0 times) Maximum Annual Debt Service on Auxiliary Facilities System Bonds. The proceeds of the Auxiliary Facilities Fee will be retained in the treasury of the University and deposited in the Revenue Fund established by the Bond Resolution for the System.

EMPLOYEES

Faculty. The University has full-time faculty of [642], including [434] tenured or tenured track teaching faculty (including Department Chairs), approximately 66% of whom hold terminal degrees.

The part-time faculty of [165] includes [10] tenured or tenured track members. The faculty-student ratio is [1:15]. The average class size is [20], with less than [40] in [92%] of the classes.

Staff. The University employs a staff of [1,142] full-time employees. Of this total, [842] are permanent, full-time civil service staff and the remaining [300] are permanent, full-time administrators and other professional staff.

Union Representation. Employees of the University, with the exception of faculty, principal administrative employees, and student workers, 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. Of the University's approximately [1,800] full-time faculty, administrative, and non-academic employees, over [64%] were represented by a total of [12] separate collective bargaining units as of June 30, 2009. Approximately [675] faculty members are represented by the University Professionals of Illinois, Local 4100, an affiliate of the American Federation of Teachers, with whom the University entered into a four-year collective bargaining agreement in 2006. The University considers its relationships with its employees to be good.

INSURANCE

In addition to liability coverages provided by the Court of Claims and the State Employee Indemnification Act, the University maintains liability self-insurance coverage through the State Universities Risk Management Association ("SURMA"). This plan, in conjunction with the excess liability commercial reinsurance, provides $5,000,000 per occurrence and $11,000,000 in aggregate for coverage in the following major areas: 1) commercial general liability, and 2) educators legal liability.

Eastern Illinois University carries various property insurance and crime coverage through the Illinois Public Higher Education Consortium. Lexington Insurance Company is the carrier for property insurance which covers the building, business interruption and contents with a deductible of $25,000.

UNIVERSITY FOUNDATION

The Eastern Illinois University Foundation (the "Foundation") was incorporated under the laws of the State of Illinois as a not-for-profit organization. The primary function of the Foundation is to assist in developing and increasing the facilities of the University for broader educational opportunities for its students, alumni and citizens of the State by encouraging gifts of money, property, works of art and other materials having educational, artistic or historical value.

The Net Assets of the Foundation for Fiscal Years 2004 through 2008 are shown below:

Fiscal Year Ending, June 30

2008	2007	2006	2005	2004
$51,019,946	$47,370,069	$38,808,572	$35,656,231	$31,669,060

ADDITIONAL FINANCING

[The University does not anticipate issuing any debt in addition to the Certificates over the next 12 to 18 months.]

AUXILIARY FACILITIES SYSTEM

GENERAL

The Auxiliary Facilities System consists of the existing housing, dining, student union, athletic stadium, gymnasium and other revenue producing facilities (including equipment) of the University and such additional facility or facilities, as the same, or any part or portion thereof, are hereafter from time to time acquired and included therein by the Board pursuant to the Bond Resolution, and excepting those parts of the System which from time to time may be disposed of or abandoned, as provided in the Bond Resolution.

The System was created and established in 1978. The System is funded from Operating Revenues, including all student fees relating to the System and other sources, and is accounted for separate and apart from the University's academic facilities and programs, which are generally funded by student tuition, together with funds appropriated to the University from the State's General Revenue Fund by the Illinois General Assembly. The System does not generate its own audited financial statements. Pursuant to the provisions of the Eastern Illinois University Revenue Bond Law and the Bond Resolution, the combined Net Revenues of all the Existing Facilities are pledged as security for the Outstanding Bonds of the System, except for revenues of certain athletic facilities which are not included unless designated. The Board has not currently designated any such revenues.

DESCRIPTION OF EXISTING FACILITIES

The following Existing Facilities comprise the Auxiliary Facilities System.

Residence Halls and Apartments: The University currently has 13 traditional residence halls and a village of fraternity and sorority residences ("Greek Court"), accommodating approximately 4,700 students. In addition, there are 154 married and graduate student apartments ("University Apartments") and 146 undergraduate apartment units in 11 buildings ("University Court") designed for four students per apartment.

Student Union: The University has a student union building located on the campus. The Student Union includes lounges, food service facilities, bowling and billiard facilities, meeting rooms, a duplicating center, offices for student government and student activities, a vending lounge, a university bookstore and other recreational facilities. The union was built in three phases. Phase 1 was opened in 1957, Phase 2 was opened in 1967 and Phase 3 was opened in 1975. Recent improvements include remodeling of the bookstore, ballrooms and food service facilities within the Student Union.

Athletic Stadium: O'Brien Field, a multi-purpose 8,000-seat outdoor athletic stadium, was constructed in 1971 and provides facilities for various sporting and entertainment events.

Lantz Building: The Lantz Building was completed in 1968 and approximately one-third of its cost was financed through revenue bonds. Included in the Lantz Building are an Olympic-size swimming pool, a basketball arena which seats 5,400, five racquetball courts, an indoor track, and various offices and locker rooms. A substantial addition to the Lantz Building consisting of a student recreation center was completed in 1991 and renovated in 2000.

Human Services Center: The University's Career Services, Health Services and Counseling Center were relocated to a new building that was constructed in 2001 and 2002 with System funds and proceeds of the Series 2000 Bonds. Approximately 75% of this building is occupied by these services and is considered Existing Facilities of the System.

Textbook Rental Facilities: The University is constructing a new 19,200 square foot textbook rental facility and adjacent surface parking to replace an existing 11,800 square foot facility. The new facility will be optimally sized and located to meet student needs in storing and processing approximately 220,000 textbook volumes in support of all academic programs at the University. It is anticipated that this new facility will be completed in December 2009.

FUTURE CAPITAL PROJECTS

There are no capital projects currently planned within the Auxiliary Facilities System for which the Board has approved additional bond financing. The Board reserves its right to finance additional capital projects within the System at its discretion in the future.

HOUSING ROOM AND BOARD RATES

Residence halls and Greek Court room and board rates per semester for the 2009-2010 academic year are $4,039 for the 15 Plus meal plan, $3,884 for the 12 Plus meal plan, $3,743 for the 10 Plus meal plan and $3,584 for the 7 Plus meal plan. All students who reside in the residence halls or Greek Court must pay for both room and board. Monthly rentals for University Apartments range from $398 for a super efficiency apartment to $447 for a one-bedroom apartment. Lease rates per student for apartments in University Court range from $2,389 to $3,328 for the academic year.

ALTERNATIVE HOUSING

Subject to availability of space, the University requires all freshmen under 21 years of age to live in University housing. There is available off-campus housing in Charleston consisting primarily of apartments, the cost of which is generally higher than that of University housing.

APPENDIX B

EASTERN ILLINOIS UNIVERSITY AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2008

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EASTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2008

TABLE OF CONTENTS

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EASTERN ILLINOIS UNIVERSITY

UNIVERSITY OFFICIALS

President	Dr. William L. Perry
Provost and Vice President for Academic Affairs	Dr. Blair M. Lord
Interim Vice President for Business Affairs (1/1/09 to present)	Mr. Paul McCann, CPA
Vice President for Business Affairs (7/1/07 to 12/31/08)	Mr. Jeffrey L. Cooley, CPA
Vice President for Student Affairs	Dr. Daniel P. Nadler
Vice President for External Relations	Dr. Jill F. Nilsen
Interim Director of Business Services and Treasurer (1/1/09 to present)	Ms. Linda Holloway
Director of Business Services and Treasurer (7/1/07 to 12/31/08)	Mr. Paul A. McCann, CPA
Director of Accounting & Finance and Assistant Director of Business Services (12/1/08 to present)	Vacant
Director of Accounting & Finance and Assistant Director of Business Services (7/1/07 to 11/30/08)	Mr. Larry G. Cannon
General Counsel	Mr. Robert L. Miller
Director of Internal Auditing (7/22/08 to present)	Ms. Sharon McRaven, CPA, CIA
Acting Director of Internal Auditing (4/1/07 to 7/21/08)	Ms. Rebecca L. Litton

University offices are located at:

600 Lincoln Avenue
Charleston, Illinois 61920

EASTERN ILLINOIS UNIVERSITY
FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of Eastern Illinois University was performed by E.C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the University's basic financial statements.

SUMMARY OF FINDINGS

The auditors identified matters involving the University's internal control over financial reporting that they considered to be significant deficiencies. The significant deficiencies are described in the accompanying Schedule of Findings on pages 61 to 64 of this report, as findings 08-1 (Inadequate control over bank reconciliations) and 08-2 (Draft financial statements not completed timely).

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on February 2, 2009. Attending were:

Eastern Illinois University
Paul McCann, Interim Vice President for Business Affairs
Linda Holloway, Interim Director for Business Services and Treasurer
Monty Bennett, Director of Procurement, Disbursement and Contract Services
Mihir Chatterji, Assistant Vice President for Information Technology Systems
Sharon McRaven, Director of Internal Auditing
Rebecca Litton, Internal Auditor III
Michael Hutchinson, Interim Assistant Comptroller
Tami Babbs, Interim Assistant Comptroller

Auditor General
Jon Fox, Audit Manager

E. C. Ortiz & Co. LLP
Edilberto Ortiz, Partner
Marites Sy, Partner
Shirley Trinidad, Manager

The response to the recommendation was provided by Paul McCann in a letter dated March 1, 2009.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of Eastern Illinois University (University) and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's June 30, 2007 financial statements and, in our report dated March 28, 2008, we expressed an unqualified opinion on those financial statements. We did not audit the financial statements of the aggregate discretely presented component units, as described in Note 1 of the financial statements, which represent 100% of the transactions and account balances of the aggregate discretely presented component units' column. Those statements were audited by other auditors whose report thereon has been provided to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of

33 SOUTH DES PLAINES STREET, SUITE 2-N CHICAGO, IL 60661 tel: 312.876.1900 fax: 312.876.1911

Eastern Illinois University and its aggregate discretely presented component units as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2009 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Eastern Illinois University's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

In connection with our audit, nothing came to our attention that caused us to believe that the Eastern Illinois University Auxiliary Facilities System was not in compliance with any of the fund accounting covenants of the Resolutions of the Eastern Illinois University Auxiliary Facilities System Revenue Bonds (Series 2000, 2005, and 2008).

E. C. Ortiz & Co., LLP

April 20, 2009

EASTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Eastern Illinois University (the University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2008 with comparative information for the year ended June 30, 2007. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of the University's management.

Reporting Entity

Eastern Illinois University is an institution of higher education and is considered to be a component unit of the State of Illinois because the Governor of the State of Illinois appoints its Board of Trustees. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State of Illinois relate primarily to appropriations for operations, grants from various State agencies, funding of capital projects and payments for employee benefits.

The University is a comprehensive, regional service institution located in Charleston, Illinois on approximately 320 acres. The University consists of 72 buildings, including 12 residence halls and 17 apartment buildings. The University enrolls approximately 11,000 students and employs approximately 1,750 full time faculty and staff. The University is primarily an undergraduate institution. Originally established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. Undergraduate degrees are offered through the College of Arts and Humanities, the College of Business and Applied Sciences (which includes the School of Family and Consumer Sciences and the School of Technology), the College of Sciences and the College of Education and Professional Studies. Master degrees, and in some cases specialist degrees, are offered at the graduate level in each of the colleges. In addition to its on-campus programs, the University maintains a strong continuing education program.

Using the Annual Report

These financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These statements focus on the financial condition of the University, the results of operations and cash flows of the University as a whole.

As prescribed by GASB Statement No. 35, this annual report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements encompass the University and its discretely presented component units. The Combining Statements of Net Assets; Combining Statements of Revenues, Expenses and Changes in Net Assets; and Combining Statements of Cash Flows show the combining of the discretely presented component units and are not discussed in this MD&A. The accompanying notes to the financial statements provide more detailed information regarding the items presented on the face of the financial statements. Information regarding these component units, including their separately issued financial statements, is summarized in Note 1 to the financial statements. This MD&A focuses on the University excluding the discretely presented component units. MD&A for these component units is included in their separately issued financial statements. An explanation of the financial statement presentation follows.

The Statement of Net Assets reflects the assets and liabilities of the University using the accrual basis of accounting and presents the financial position of the University at a specified point in time. The difference between total assets and total liabilities, known as net assets, is one indicator of the current financial condition of the University. The increase or decrease in net assets that occur over time indicate the improvement or erosion of the University's financial condition.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or nonoperating. Under the current reporting model, a significant portion of the University's revenue is considered nonoperating. State and capital appropriations of $51,846,535 and payments on behalf of the University of $31,652,439 are reported as nonoperating revenues and results in the University showing an operating loss of $75,686,140 for the year ended June 30, 2008.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing and investing activities.

Financial Highlights

During the year ended June 30, 2008, the University's net assets increased by approximately $12.1 million to $171 million. This increase is primarily due to an increase in student tuition and fees, an increase in grant revenues, and an increase in auxiliary enterprise revenues.

During the fiscal year ended June 30, 2008, the University issued $18.6 million of Revenue Bonds, to current refund all of the Auxiliary Facilities System Revenue Bonds, Series 1998 that mature on or after October 1, 2008.

Statement of Net Assets

Condensed Statement of Net Assets, as of June 30,

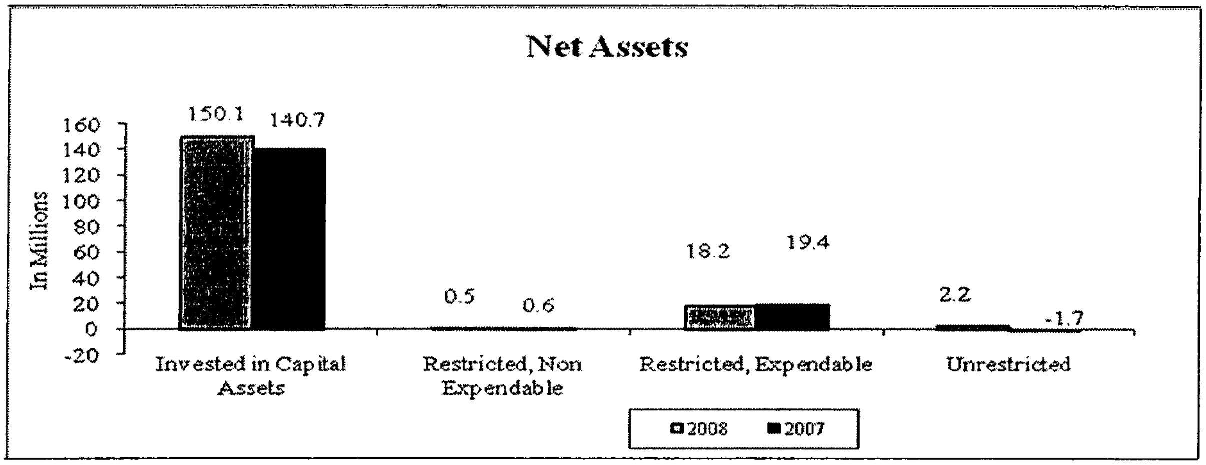
	2008	2007
Assets		
Current assets	$ 50,063,703	$ 57,526,934
Noncurrent assets		
Capital assets, net	206,552,679	195,293,070
Other	9,127,463	5,976,177
Total noncurrent assets	215,680,142	201,269,247
Total assets	$ 265,743,845	$ 258,796,181
Liabilities		
Current liabilities	$ 23,387,984	$ 22,937,424
Noncurrent liabilities	71,312,649	76,953,568
Total liabilities	94,700,633	99,890,992
Net Assets		
Invested in capital assets, net	150,147,682	140,663,716
Restricted		
Nonexpendable	548,808	583,362
Expendable	18,186,901	19,396,980
Unrestricted	2,159,821	(1,738,869)
Total net assets	171,043,212	158,905,189
Total liabilities and net assets	$ 265,743,845	$ 258,796,181

University assets totaled nearly $265.7 million as of June 30, 2008. The largest asset of the University is its investment in land, buildings and equipment which totaled approximately $206.6 million for 2008. In fiscal year 2008, cash and cash equivalents decreased by approximately $10 million to approximately $34.3 million due to money being spent for the completion of Doudna Fine Arts Center, as well as higher student accounts receivable.

University liabilities totaled approximately $94.7 million as of June 30, 2008. Long-term debt of approximately $57.8 million as of June 30, 2008, which consisted of notes, leases and bonds payable and Certificates of Participation, is the largest portion of the liability.

The University's current assets of approximately $50 million as of June 30, 2008 were sufficient to cover the current liabilities of approximately $23.4 million as of June 30, 2008. The current ratio of current assets to current liabilities is 2.14 in current assets for every $1 in current liabilities for fiscal year 2008.

The following graph shows net assets by classification and restriction:



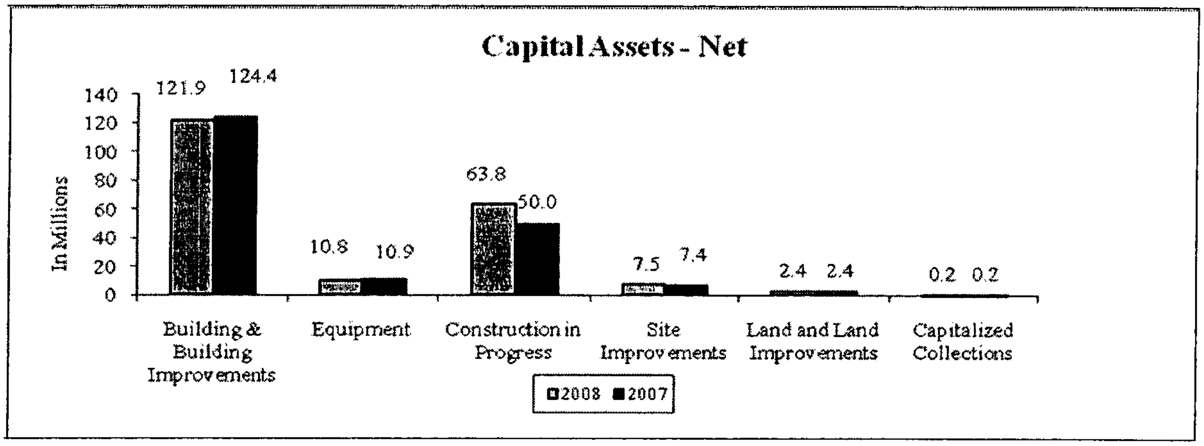
Capital Assets and Related Financing Activities

The Eastern Illinois University facilities include 72 buildings totaling about 3 million gross square feet. Funding from State, private, borrowed, and internal sources are used to accomplish the capital objectives of the University.

The University continues to expand and renovate its campus facilities. University capital additions totaled approximately $23.4 million for fiscal year 2008. The additions included ongoing renovations to the Doudna Fine Arts building, as well as sprinkler installations in the residence halls. The expected cost for the remodeling project for the Doudna Fine Arts Center funded by the Capital Development Board, is approximately $54 million which includes about $7.1 million in furnishings.

The University had approximately $36.8 million of bonded debt outstanding and $20.6 million of Certificates of Participation outstanding as of June 30, 2008. For more information concerning Capital Assets, Construction in Progress, Bonds Payable, Lease Obligations, and COPS Payable see Notes 6, 7, 10, 11, 12 and 13.

The following chart shows the breakdown of the University's capital assets, net of depreciation, by category:



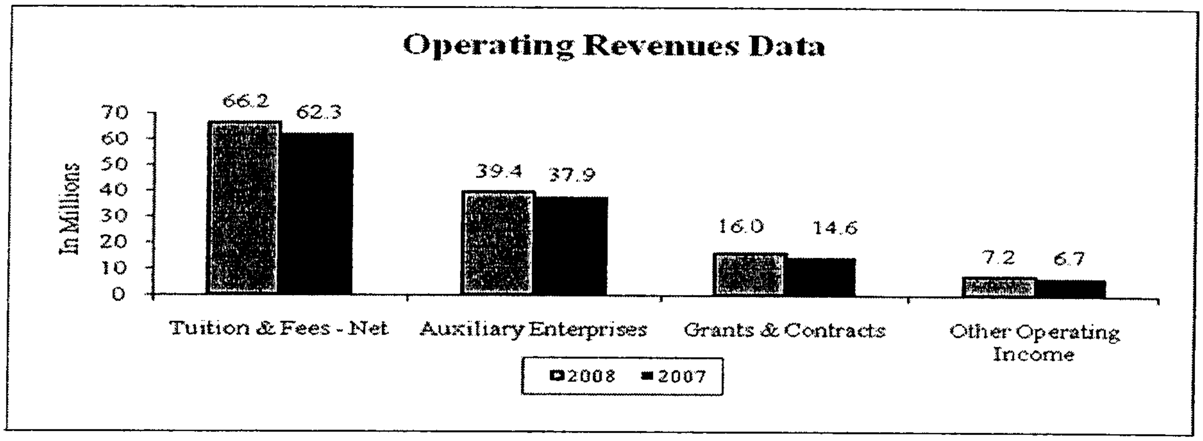
Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statement of Revenues, Expenses and Changes in Net Assets
For the years ended June 30,

	2008	2007
Operating revenues		
Tuition and fees, net	$ 66,225,748	$ 62,305,638
Grants and contracts	16,018,262	14,596,831
Auxiliary enterprises	39,416,747	37,943,403
Other operating revenues	7,169,511	6,713,699
Total operating revenues	128,830,268	121,559,571
Operating expenses	204,516,408	192,904,969
Operating loss	(75,686,140)	(71,345,398)
Nonoperating revenues (net of expenses)		
State appropriations	49,189,200	48,282,450
Payments on behalf of the University	31,652,439	27,545,752
Other nonoperating revenues - net	1,563,485	5,847,321
Net nonoperating revenues	82,405,124	81,675,523
Income before capital contributions	6,718,984	10,330,125
Capital appropriations	2,657,335	402,505
Transfers from Capital Development Board	2,455,532	17,688,297
Capital grants and gifts	306,172	476,306
Total increase in net assets	12,138,023	28,897,233
Net assets, beginning of year	158,905,189	130,007,956
Net assets, end of year	$ 171,043,212	$ 158,905,189

Operating Revenues

Operating revenues for fiscal years 2008 totaled $128.8 million. The most significant source of operating revenues were tuition and fees, grants and contracts, and auxiliary services as shown in the graph below:



State appropriations to the University increased during fiscal year 2008 by $0.9 million. During fiscal year 2005, the "Truth in Tuition" regulations took affect (a first time attendee is guaranteed the same tuition rate for four years as long as they are undergraduates). Because of this, tuition rates were increased by 12% for new students and approximately 7.5% for continuing students in both fiscal years 2008 and 2007. The University also implemented a student fee increase of 5.6% in fiscal year 2008. This, coupled with an enrollment increase of approximately 1% in fiscal year 2008, accounted for the increase in tuition, fees and housing revenues.

Tuition and Fees

The University's tuition and fees has consistently been one of the lowest out of the twelve state universities in Illinois. It is currently only one of two public universities to continue to offer textbook rental as a service to students, rather than requiring students to spend hundreds of dollars for textbooks each year. The following explains the rates for tuition and fees for a student attending 12 or more hours during the Fall and Spring semesters of fiscal years 2008 and 2007.

	2008	2007
Full-time Undergraduates		
In-State		
Continuing Non-guaranteed	$158.65/hour + $940.09 fees/semester	$147.55/hour + $890.39 fees/semester
New student FY06	$154.30/hour + $940.09 fees/semester	$154.30/hour + $890.39 fees/semester
New student FY07	$173.55/hour + $940.09 fees/semester	$173.55/hour + $890.39 fees/semester

	2008	2007
In-State		
New student FY08	$194.40/hour + $1,016.05 fees/semester	
Out of State		
Continuing Non-guaranteed	$475.95/hour + $940.09 fees/semester	$442.65/hour + $890.39 fees/semester
New students FY06	$462.90/hour + $940.09 fees/semester	$462.90/hour + $890.39 fees/semester
New students FY07	$520.65/hour + $940.09 fees/semester	$520.65/hour + $890.39 fees/semester
New students FY08	$583.20 hour + $1,016.05 fees/semester	
Full-time graduates		
In State	$189.75/hour + $942.09 fees/semester	$169.40/hour + $891.99 fees/semester
New students	$189.75/hour + $1,018.05 fees/semester	
Out of State	$569.25/hour + $942.09 fees/semester	$508.20/hour + $891.99 fees/semester
New students	$569.25/hour + $1,016.05 fees/semester	

Room and Board

The University currently has 12 traditional residence halls and a village of fraternity and sorority residences ("Greek Court"), with a capacity of approximately 4,700 students. In addition, there are 154 married and graduate student apartments ("University Apartments") and 146 undergraduate apartment units in 11 buildings ("University Court"). For Fall 2007, the residence halls were 83% occupied; the University Apartments were about 97% occupied; and the University Court was 99% occupied.

The following table outlines the rates charged for room and board:

	2008	2007
University Apartments		
Efficiency	$400/month	$389/month
One bedroom	$421/month	$409/month
Super efficiency	$375/month	$364/month
University Court	Rates vary from $2,197 to $2,937/semester	Rates vary from $2,093 to $2,824/semester

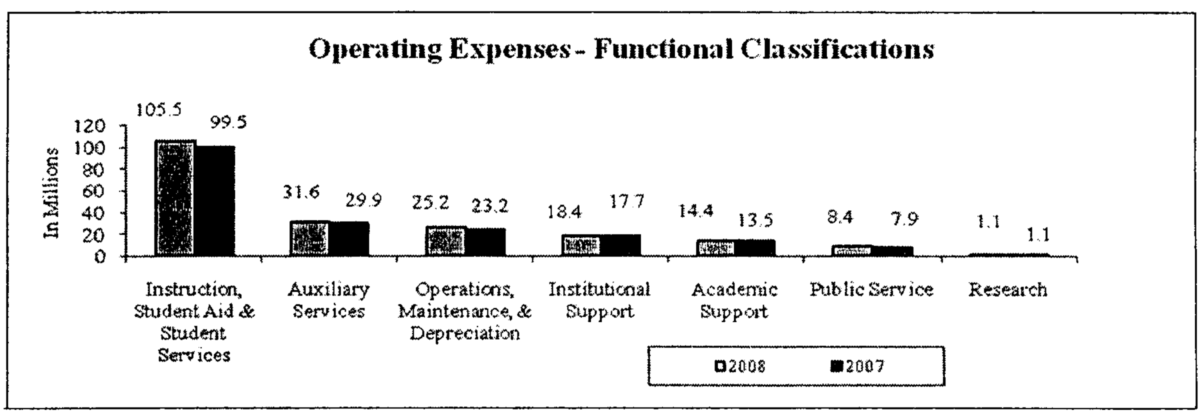
	2008	2007
Residence Halls		
7 plus meal plan	$3,161/semester	$2,955/semester
10 plus meal plan	$3,301/semester	$3,086/semester
12 plus meal plan	$3,426/semester	$3,203/semester
15 plus meal plan	$3,562/semester	$3,330/semester

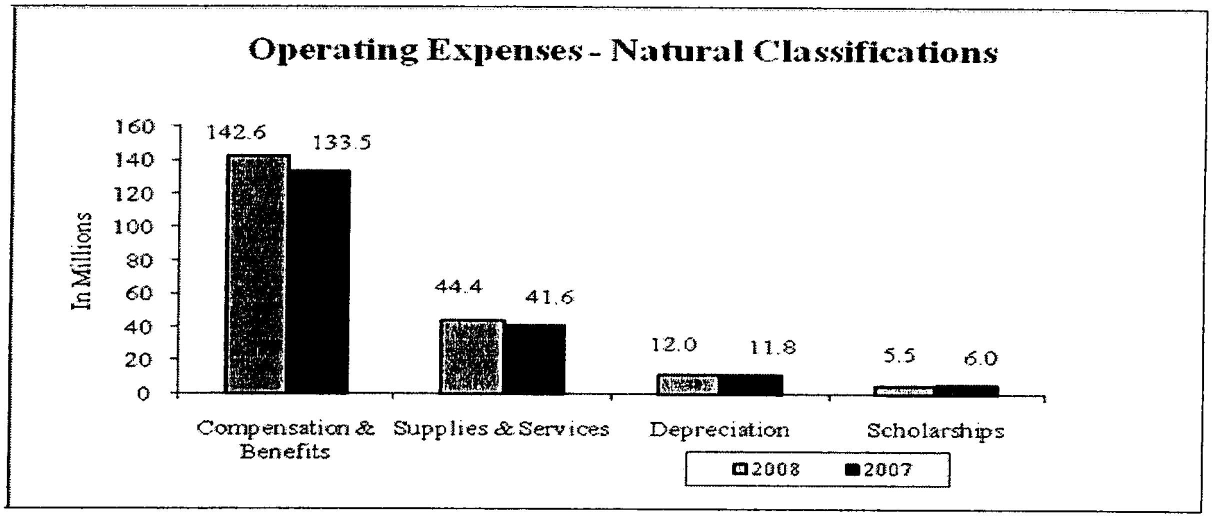
The Plus Meal Option permits each student the flexibility to make purchases at various campus locations, including the following:

- Any residence hall dining center
- Purchases at the food court within the University Union
- Purchases at campus convenience centers

Operating Expenses

GASB Statement No. 35 gives the reporting entities the choice of reporting expenses in functional or natural classifications. The University chose to report the expenses in their functional categories on the face of the statement and has displayed the natural categories in the footnotes to the financial statements. The operating expenses for fiscal year 2008, including depreciation of $12 million, totaled $204.5 million. Under the functional classifications, $105.5 million or 52% was used for instruction, student aid, and student services; $31.6 million, or 15% was used for auxiliary services; $25.2 million, or 12% was for operations and maintenance of plant, and depreciation; $18.4 million, or 9% was used for institutional support, which includes such areas as computer services and University police; and $14.4 million, or 7% was used for academic support, for such areas as the library and various dean's offices. Under the natural classifications, $142.6 million, or 70% was used for compensation and benefits; $44.4 million, or 22% was used for supplies, contractual services, utilities, travel, repairs and maintenance and other; $5.5 million, or 3% was used for scholarships; and $12 million, or 6% was depreciation.





Other

The State appropriation was the largest source of nonoperating revenues at $49.2 million in fiscal year 2008.

Interest expense on outstanding debt was $2.6 million for fiscal year 2008, and is the largest category of nonoperating expenses.

Statement of Cash Flows

The Statement of Cash Flows provides information about the University's sources and uses of cash and cash equivalents during the fiscal year.

Condensed Statement of Cash Flows
For the Years Ended June 30,

	2008	2007
Cash provided by (used in):		
Operating activities	$ (37,247,753)	$ (28,705,768)
Noncapital financing activities	51,634,594	51,151,125
Capital and related financing activities	(24,149,941)	(14,276,440)
Investing activities	(212,016)	8,382,488
Net increase (decrease) in cash and cash equivalents	(9,975,116)	16,551,405
Cash and cash equivalents, beginning of year	44,243,245	27,691,840
Cash and cash equivalents, end of year	$ 34,268,129	$ 44,243,245

Major sources of funds included in operating activities are student tuition and fees, and auxiliary services. Student tuition and fees provided $66.7 million for 2008. Auxiliary enterprises income provided $35.1 million for 2008. The major source of funds included in noncapital financing activities is state appropriations which provided $49.2 million for 2008.

The net cash used in capital and related financing activities represents numerous purchases of capital assets as well as costs incurred for many campus construction projects in progress.

The net cash used by investing activities of $0.2 million in fiscal year 2008 is due to the purchase of investments.

The University's Economic Outlook

The State of Illinois (State) General Fund appropriation represents a significant, but decreasing, portion of operating support for University programs. State General Fund appropriations represented approximately 27% of the University's operating budget in 2008, 28% in 2007 and 30% in 2006. After several years of flat appropriations, the General Assembly increased the State General Fund appropriation for the University in fiscal year 2009 by approximately $1,377,000 (2.8%), $907,000 (1.9%) in 2008 and $673,300 (1.4%) in fiscal year 2007. Although the University's operating budget continues to grow, we project that the State's share of funding will continue to decline. The University will strive to manage tuition levels to meet its mission of superior, accessible education.

In 2003, Public Act 93-0228 was enacted. This act placed a limitation on increases in tuition at Illinois public institutions of higher education. For students that initially enroll in the University after the 2003-04 academic year, the tuition charged to an undergraduate student can not increase, above the amount charged when the student enrolled, for 4 continuous academic years, with limited exceptions. Consequently, the University must establish a tuition rate for incoming students that takes into account all potential cost increases and the rate of inflation. For the Fall semester of 2008, the University increased tuition for incoming students by 12.1% over the rate paid by students starting in the Fall of 2007. A similar increase is projected for the Fall of 2009.

It is the plan of the University to maintain a stable enrollment of approximately 12,000 students. The University had a Fall, 2007 enrollment of 12,179. The Fall, 2008 enrollment decreased by 1.1% to 12,040. The University does not anticipate any change to the plan in the foreseeable future. Likewise, it is the University's plan to maintain stable occupancy in University owned housing. In Fall, 2007, the University had 4,362 students in University owned housing. In Fall, 2008, students living in University owned housing decreased by 2.1% to 4,272.

University owned housing rates are not under the same limitations as tuition. However, they are limited by rates charged in the local housing market for similar accommodations. All Freshman are required to live in University owned housing, and all other students are encouraged to live there, because it has been the University's experience that students living in University owned housing graduate at a higher rate and with higher grade point averages. For the Fall semester of 2008, the typical room and board rate for a full time student was $3,516. For the Fall semester of 2009, the typical room and board rate will increase by 6.5% to $3,743.

On November 8, 2006, the Board of Trustees approved a four year contract with the University Professionals of Illinois (UPI) Local 4100 (the Union representing University Faculty members) that was retroactive to September 1, 2006. The contract provides bargaining unit members with annual across the board salary increases that average approximately 3.2% over the term of the agreement and other benefits. UPI represents almost 600 faculty members on campus and is the single largest union representing employees on campus. On September 15, 2006, the Board of Trustees approved a three year agreement with the American Federation of State, County and Municipal Employees (AFSCME) Local 981 (the Union representing University clerical employees) that was retroactive to July 1, 2006. The contract provides bargaining unit members with annual across the board salary increases of 3% over the term of the agreement and other benefits. The AFSCME clerical employees unit represents about 150 employees on campus. In addition, on November 21, 2008, the Board of Trustees approved a three year agreement with the American Federation of State, County and Municipal Employees (AFSCME) Local 981 (the Union representing University service employees) that was retroactive to September 15, 2008. The contract provides bargaining unit members with annual across the board salary increases of 3% over the term of the agreement and other benefits. The AFSCME service employees unit represents about 175 employees on campus.

The Doudna Fine Arts Center opened in the Fall of 2008 after five years of construction and renovation. The $63 million plus project, which was a joint project with the Illinois Capital Development Board, has generated a tremendous amount of excitement within the academic and cultural communities and will be a great asset to the State and University. The Capital Development Board is investing another $4 million upgrading the campus' electrical distribution system. In addition, the University is involved in a ten year plan to renovate the residence halls on campus. The cost for these renovations is projected to be in excess of $75 million and will be paid totally from student room and board fees. In December, 2008, the University issued $4,230,000 of revenue bonds to construct a new Textbook Rental Service Facility on campus. The state of the art facility will enhance the textbook rental process. The bonds will be paid for by a special $1 per credit hour fee approved by the students.

The original Steam Plant structure was built in the 1920's and still uses some of the original coal handling equipment. Coal-fired water tube boilers built in the 1950's, and housed in the Steam Plant, are currently being used to heat and cool the University. In

2008, repairs to the legacy coal handling equipment and the coal boilers cost the University an estimated $286,000 to correct and $340,000 in excess expenditures for natural gas. Due to the complete failure of the plant's scrubber equipment, the University is not able to burn high-sulfur Illinois coal. Therefore, the University is required to purchase higher cost low-sulfur coal from a source outside of the State of Illinois. Due to the age of the plant and the significant advancements made in technology over the last 80 years, the University estimates that replacing the plant would be the most economical way to proceed. The University is requesting money from the State of Illinois to fund the project.

Private gifts are an important source of funding for University operations. In association with The Eastern Illinois University Foundation, fundraising in fiscal 2008 hit a new high, over $6.7 million was raised in gifts and additions to the endowment. With public financing representing a smaller portion of the University's budget, private philanthropy will continue to grow in importance. It is the University's intention to maintain the level of giving achieved and to look for opportunities to attract additional donors and gifts.

EASTERN ILLINOIS UNIVERSITY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008
(With Comparative Totals for 2007)

	University		Component Units	
	2008	2007	2008	2007
ASSETS				
Current assets:				
Cash and cash equivalents	$ 16,186,353	$ 17,602,144	$ 640,003	$ 651,736
Restricted cash and cash equivalents	18,081,776	26,641,101	3,255,125	2,206,773
Short-term investments	-	463,041	557,274	673,414
Restricted short-term investments	20,963	568,760	1,908,315	1,948,651
Accounts receivable, net of allowance for doubtful accounts	12,264,930	9,405,044	216,401	181,960
State appropriation receivable	-	115	-	-
Interest receivable	36,144	9,013	12,276	11,885
Inventories	1,711,897	1,567,960	-	-
Notes receivable, current portion, net of allowance for doubtful accounts	905,059	880,163	-	-
Other assets	856,581	389,593	1,636	27,797
Total current assets	50,063,703	57,526,934	6,591,030	5,702,216
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	130,110	216,085
Notes receivable, less current portion, net of allowance for doubtful accounts	5,242,836	5,107,154	-	-
Endowment investments	548,808	583,363	32,093,418	26,292,481
Restricted investments	1,810,568	-	19,861,544	24,739,367
Other long-term investments	1,178,647	-	740,992	596,637
Other long-term assets	346,604	285,660	242,943	337,585
Capital assets, net of accumulated depreciation	206,552,679	195,293,070	2,169,402	2,204,044
Total noncurrent assets	215,680,142	201,269,247	55,238,409	54,386,199
TOTAL ASSETS	$ 265,743,845	$ 258,796,181	$ 61,829,439	$ 60,088,415
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	$ 13,081,432	$ 11,828,311	$ 17,788	$ 22,498
Deferred revenues	2,625,941	2,862,986	-	-
Long-term liabilities, current portion	7,680,611	8,246,127	308,211	296,197
Demand mortgage payable	-	-	1,437,238	1,512,238
Total current liabilities	23,387,984	22,937,424	1,763,237	1,830,933
Noncurrent liabilities:				
Long-term liabilities, less current portion	65,586,222	71,332,092	960,825	1,129,275
Due to others	-	-	6,015,235	6,179,149
Federal loan program contributions refundable	5,726,427	5,621,476	-	-
Total noncurrent liabilities	71,312,649	76,953,568	6,976,060	7,308,424
Total liabilities	94,700,633	99,890,992	8,739,297	9,139,357
Net assets:				
Invested in capital assets, net of related debt	150,147,682	140,663,716	732,164	691,806
Restricted:				
Nonexpendable				
Scholarships and fellowships	548,808	583,362	-	-
Endowments	-	-	32,223,528	26,508,566
Expendable				
Scholarships and fellowships	-	46,438	-	-
Instructional department uses	3,328,143	3,562,548	-	-
Loans	1,353,403	1,310,153	-	-
Capital projects	12,466,938	13,411,564	-	-
Debt service	1,038,417	1,066,277	-	-
Other	-	-	17,802,011	21,436,978
Unrestricted	2,159,821	(1,738,869)	2,332,439	2,311,708
Total net assets	171,043,212	158,905,189	53,090,142	50,949,058
TOTAL LIABILITIES AND NET ASSETS	$ 265,743,845	$ 258,796,181	$ 61,829,439	$ 60,088,415

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	University		Component Units	
	2008	2007	2008	2007
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of $8,488,292 in fiscal year 2008 and $6,947,174 in fiscal year 2007)	$ 66,225,748	$ 62,305,638	$ -	$ -
Federal grants and contracts	10,354,207	9,421,164	-	-
State grants and contracts	4,041,978	4,118,304	-	-
Local grants and contracts	446,754	176,744	-	-
Private grants and contracts	1,175,323	880,619	-	-
Sales and services of educational departments	4,417,308	4,221,724	-	-
Auxiliary enterprises (net of scholarship allowances of $1,614,004 in fiscal year 2008 and $1,294,796 in fiscal year 2007)	39,416,747	37,943,403	-	-
Gifts	-	-	1,517,296	$ 1,392,970
Service contract with the University	-	-	235,293	223,337
Budget allocation from the University	-	-	107,301	92,038
Membership dues	-	-	46,860	42,045
Merchandise sales	-	-	-	989
Royalties	-	-	61,717	39,187
Alumni promotions	-	-	680	995
Other operating revenues	2,752,203	2,491,975	221,450	164,981
Total operating revenues	128,830,268	121,559,571	2,190,597	1,956,542
OPERATING EXPENSES				
Educational and general				
Instruction	80,496,843	75,436,556	-	-
Research	1,133,892	1,111,083	-	-
Public service	8,371,245	7,922,071	-	-
Academic support	14,354,957	13,509,570	-	-
Student services	19,132,739	18,012,013	-	-
Institutional support	18,359,463	17,730,818	888,279	793,631
Operations and maintenance of plant	13,179,805	11,458,348	-	-
Student aid	5,886,312	6,083,286	-	-
Auxiliary enterprises	31,592,699	29,867,003	-	-
Depreciation expense	12,008,453	11,774,221	34,642	34,642
Total operating expenses	204,516,408	192,904,969	922,921	828,273
Operating income (loss)	(75,686,140)	(71,345,398)	1,267,676	1,128,269

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS ***(Continued)***
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	University		Component Units	
	2008	**2007**	**2008**	**2007**
NONOPERATING REVENUES (EXPENSES)				
State appropriations	$ 49,189,200	$ 48,282,450	$ -	$ -
Payments on behalf of the University	31,652,439	27,545,752	-	-
Gifts	2,297,218	2,950,537	-	-
Investment income (net)	1,799,245	2,535,992	2,101,359	1,535,612
Net increase (decrease) in fair value of investments	(40,308)	141,586	(4,304,906)	4,242,972
Scholarships	-	-	(796,175)	(710,595)
Distributions to annuity/unitrust beneficiaries	-	-	(174,526)	(233,699)
Actuarial adjustments	-	-	100,515	590,239
Interest on capital asset-related debt	(2,595,950)	(2,845,848)	(97,364)	(98,027)
Nonoperating grants and contracts	2,878	(37,238)	-	-
Amortization of bond costs, premiums, and discounts	981	(138,459)	-	-
Grants to the University	-	-	(1,214,587)	(1,673,326)
Payments to the Foundation	(30,791)	(46,320)	-	-
Loss on disposal of capital assets	(146,145)	(100,942)	-	-
Blair Hall fire insurance recoveries	-	3,382,819	-	-
Other nonoperating revenues	276,357	5,194	-	-
Total nonoperating revenues (expenses)	82,405,124	81,675,523	(4,385,684)	3,653,176
Income before capital contributions	6,718,984	10,330,125	(3,118,008)	4,781,445
Capital appropriations	2,657,335	402,505	-	-
Capital grants and gifts	306,172	476,306	-	-
Transfers from Capital Development Board	2,455,532	17,688,297	-	-
Additions to permanent endowments	-	-	5,259,092	4,139,328
Increase in net assets	12,138,023	28,897,233	2,141,084	8,920,773
NET ASSETS				
Net assets, beginning of year	158,905,189	130,007,956	50,949,058	40,814,505
Cumulative effect of change in accounting principles	-	-	-	1,213,780
Net assets, beginning of year, as restated	158,905,189	130,007,956	50,949,058	42,028,285
Net assets, end of year	$ 171,043,212	$ 158,905,189	$ 53,090,142	$ 50,949,058

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	University		Component Units	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	$ 66,686,366	$ 62,018,981	$ -	$ -
Grants and contracts (non-capital)	15,293,670	15,143,915	-	-
Sales and services of educational departments	4,304,594	3,553,888	-	-
Auxiliary enterprise	35,121,572	37,532,439	-	-
Payments to suppliers	(44,467,812)	(40,354,306)	(620,968)	(548,673)
Payments to employees	(105,289,679)	(96,120,742)	-	-
Payments for employee benefits	(7,136,992)	(7,176,302)	-	-
Payments for scholarships and fellowships	(5,492,061)	(5,959,601)	-	-
Federal loan program contributions refundable	104,951	93,116	-	-
Loans issued to students	(1,067,312)	(1,264,226)	-	-
Collection of loans from students	906,733	1,147,505	-	-
Royalties	-	-	124,476	113,190
Membership dues	-	-	45,665	42,979
Service contract with the University	-	-	-	78,625
Gifts	-	-	1,532,284	1,431,030
Promotional revenues	-	-	680	995
Other receipts	3,788,217	2,679,565	221,450	175,970
Net cash provided from (used in) operating activities	(37,247,753)	(28,705,768)	1,303,587	1,294,116
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	49,189,315	48,282,335	-	-
Private gifts other than capital purposes	2,204,645	2,939,346	-	-
Payments to the Foundation	(30,791)	(46,320)	-	-
Nonexchange grants	-	-	-	-
Grants to organizations	-	(29,430)	-	-
Scholarships	-	-	(793,303)	(708,888)
Distributions to annuity/unitrust beneficiaries	-	-	(302,092)	(357,388)
Agency receipts	-	-	179,210	284,503
Agency payments	-	-	(232,925)	(151,768)
Other non-operating activities	276,359	5,194	5,005,165	4,056,568
Nonoperating grants	(4,934)	-	(1,214,587)	(1,673,326)
Net cash provided by noncapital financing activities	51,634,594	51,151,125	2,641,468	1,449,701
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from bond issue/notes payable	19,805,247	50,585	-	-
Principal paid on capital debt and leases	(5,292,848)	(3,920,012)	-	-
Principal paid through current refunding	(19,535,000)	-	-	-
Interest paid on capital debt and leases	(2,651,698)	(2,901,540)	(90,486)	(106,375)
Mortgage loan payment	-	-	(75,000)	-
Insurance proceeds from fire damage	382,819	3,000,000	-	-
Capital appropriations	2,657,335	402,506	-	-
Capital grants and gifts	297,253	58,638	-	-
Bond issue costs paid	(268,040)	-	-	-
Purchases of capital assets	(19,545,009)	(10,966,617)	-	-
Net cash used in capital and related financing activities	(24,149,941)	(14,276,440)	(165,486)	(106,375)

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS *(Continued)*
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	University		Component Units	
	2008	2007	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale and maturities of investments	$ 4,972,537	$ 5,807,513	$ 5,911,157	$ 4,133,073
Interest received on investments	1,772,114	2,593,180	2,220,443	1,590,445
Sale of gift stock and real estate	-	-	328,195	99,430
Purchase of investments	(6,956,667)	(18,205)	(11,288,720)	(8,019,566)
Net cash provided by (used in) investing activities	(212,016)	8,382,488	(2,828,925)	(2,196,618)
Net increase (decrease) in cash and cash equivalents	(9,975,116)	16,551,405	950,644	440,824
Cash and cash equivalents, beginning of year	44,243,245	27,691,840	3,074,594	2,633,770
Cash and cash equivalents, end of year	$ 34,268,129	$ 44,243,245	$ 4,025,238	$ 3,074,594
Reconciliation of net operating income (loss) to net cash provided from (used in) operating activities				
Operating income (loss)	$ (75,686,140)	$ (71,345,398)	$ 1,267,676	$ 1,128,269
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:				
Depreciation	12,008,453	11,774,221	34,642	34,642
Bad debt	-	-	9,517	-
Payments on behalf of the University	31,652,439	27,545,752	-	-
Non-cash stock, real estate gifts	-	-	(71,831)	(30,095)
Actuarial adjustments of new annuities and unitrusts	-	-	19,202	23,894
Changes in assets and liabilities:				
Accounts receivable	(2,494,998)	(591,102)	(12,204)	55,195
Inventories	(143,937)	(27,727)	-	-
Notes receivable	(160,578)	(116,721)	-	-
Other assets	(416,642)	169,831	68,267	68,376
Accounts payable and accrued liabilities	(792,811)	3,446,674	(11,682)	13,835
Deferred revenues	(187,434)	54,813	-	-
Compensated absences	(898,499)	405,398	-	-
Federal loan program contributions refundable	104,951	93,116	-	-
Other long-term liabilities	(4,164)	(109,173)	-	-
Deposits	(228,393)	(5,452)	-	-
Net cash provided from (used in) operating activities	$ (37,247,753)	$ (28,705,768)	$ 1,303,587	$ 1,294,116

NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

	University 2008	University 2007	Component Units 2008	Component Units 2007
Change in fair value of investments	$ (40,308)	$ 141,586	$ (4,304,906)	$ 4,272,972
Change in interest receivable affecting interest received	$ 27,131	$ (57,660)	$ -	$ -
Change in accrued interest affecting interest paid	$ (57,956)	$ 98,388	$ 4,185	$ (5,655)
Change in accrued costs relating to capital assets	$ 154,568	$ (891,947)	$ -	$ -
Transfers of capital assets	$ 2,455,532	$ 17,688,297	$ -	$ -
Capital assets acquired by capital lease obligations	$ -	$ 50,585	$ -	$ -

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS

	June 30, 2008		
	Foundation	Alumni Association	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 388,524	$ 251,479	$ 640,003
Restricted cash and cash equivalents	3,255,125	-	3,255,125
Short-term investments	32,000	525,274	557,274
Restricted short-term investments	1,908,315	-	1,908,315
Accounts receivable, net of allowance for doubtful accounts	107,944	108,457	216,401
Interest receivable	-	12,276	12,276
Other assets	597	1,039	1,636
Total current assets	5,692,505	898,525	6,591,030
Noncurrent assets			
Restricted cash and cash equivalents	130,110	-	130,110
Endowment investments	32,093,418	-	32,093,418
Restricted investments	19,861,544	-	19,861,544
Other long-term investments	-	740,992	740,992
Other long-term assets	42,798	200,145	242,943
Capital assets, net of accumulated depreciation	1,957,716	211,686	2,169,402
Total noncurrent assets	54,085,586	1,152,823	55,238,409
TOTAL ASSETS	$ 59,778,091	$ 2,051,348	$ 61,829,439
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	$ 16,928	$ 860	$ 17,788
Long-term liabilities, current portion	308,211	-	308,211
Demand mortgage payable	1,437,238	-	1,437,238
Total current liabilities	1,762,377	860	1,763,237
Noncurrent liabilities			
Long-term liabilities, less current portion	960,825	-	960,825
Due to others	6,015,235	-	6,015,235
Total noncurrent liabilities	6,976,060	-	6,976,060
Total liabilities	8,738,437	860	8,739,297
Net assets			
Invested in capital assets, net of related debt	520,478	211,686	732,164
Restricted for:			
Nonexpendable endowment	32,223,528	-	32,223,528
Expendable	17,802,011	-	17,802,011
Unrestricted	493,637	1,838,802	2,332,439
Total net assets	51,039,654	2,050,488	53,090,142
TOTAL LIABILITIES AND NET ASSETS	$ 59,778,091	$ 2,051,348	$ 61,829,439

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS

	For the Year Ended June 30, 2008		
	Foundation	Alumni Association	Total
OPERATING REVENUES			
Gifts	$ 1,516,245	$ 1,051	$ 1,517,296
Service contract with the University	209,770	25,523	235,293
Budget allocation from the University	94,774	12,527	107,301
Membership dues	-	46,860	46,860
Royalties	-	61,717	61,717
Alumni promotions	-	680	680
Other operating revenues	221,342	108	221,450
Total operating revenues	2,042,131	148,466	2,190,597
OPERATING EXPENSES			
Educational and general			
Institutional support	758,451	129,828	888,279
Depreciation expense	28,643	5,999	34,642
Total operating expenses	787,094	135,827	922,921
Operating income	1,255,037	12,639	1,267,676
NONOPERATING REVENUES (EXPENSES)			
Investment income (net)	2,047,284	54,075	2,101,359
Net decrease in fair market value of investments	(4,285,380)	(19,526)	(4,304,906)
Scholarships	(791,175)	(5,000)	(796,175)
Distributions to annuity/unitrust beneficiaries	(174,526)	-	(174,526)
Actuarial adjustments	100,515	-	100,515
Interest on capital asset-related debt	(97,364)	-	(97,364)
Grants to the University	(1,169,678)	(44,909)	(1,214,587)
Net nonoperating revenues	(4,370,324)	(15,360)	(4,385,684)
Loss before capital contributions	(3,115,287)	(2,721)	(3,118,008)
Additions to permanent endowments	5,259,092	-	5,259,092
Increase (decrease) in net assets	2,143,805	(2,721)	2,141,084
NET ASSETS			
Net assets, beginning of year	48,895,849	2,053,209	50,949,058
Net assets, end of year	$ 51,039,654	$ 2,050,488	$ 53,090,142

See accompanying notes to financial statements.

EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS

	For the Year Ended June 30, 2008		
	Foundation	Alumni Association	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and vendors	$ (529,998)	$ (90,970)	$ (620,968)
Royalties	-	124,476	124,476
Membership dues	-	45,665	45,665
Gifts	1,531,233	1,051	1,532,284
Promotional revenues	-	680	680
Other receipts	221,342	108	221,450
Net cash provided from operating activities	1,222,577	81,010	1,303,587
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants to the University	(1,169,678)	(44,909)	(1,214,587)
Scholarships	(788,303)	(5,000)	(793,303)
Distributions to annuity/unitrust beneficiaries	(302,092)	-	(302,092)
Agency receipts	179,210	-	179,210
Agency payments	(232,925)	-	(232,925)
Gifts received for endowment purposes	5,005,165	-	5,005,165
Net cash provided by (used in) noncapital financing activities	2,691,377	(49,909)	2,641,468
CASH FLOWS FROM RELATED CAPITAL AND FINANCING ACTIVITIES			
Interest paid for capital debt and leases	(90,486)	-	(90,486)
Mortgage loan payment	(75,000)	-	(75,000)
Net cash used in capital and related financing activities	(165,486)	-	(165,486)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale and maturities of investments	5,911,157	-	5,911,157
Interest received on investments	2,166,759	53,684	2,220,443
Sale of gift stock and real estate	328,195	-	328,195
Purchase of investments	(11,240,979)	(47,741)	(11,288,720)
Net cash provided by (used in) investing activities	(2,834,868)	5,943	(2,828,925)
Net increase in cash and cash equivalents	913,600	37,044	950,644
Cash and cash equivalents, beginning of year	2,860,159	214,435	3,074,594
Cash and cash equivalents, end of year	$ 3,773,759	$ 251,479	$ 4,025,238
Reconciliation of operating income to net cash provided from operating activities			
Operating income	$ 1,255,037	$ 12,639	$ 1,267,676
Adjustments to reconcile net income to net cash provided from operating activities:		-	
Depreciation expense	28,643	5,999	34,642
Bad debt expense	9,517	-	9,517
Non-cash stock, real estate gifts	(71,831)	-	(71,831)
Actuarial adjustment of new annuities and unitrusts	19,202	-	19,202
Changes in assets and liabilities:			
Accounts receivable	(11,009)	(1,195)	(12,204)
Royalties receivable	-	62,759	62,759
Prepaid expense	5,483	25	5,508
Accounts payable	(12,465)	783	(11,682)
Net cash provided from operating activities	$ 1,222,577	$ 81,010	$ 1,303,587
NONCASH INVESTING TRANSACTIONS			
Change in fair value of investments	$ (4,285,380)	$ (19,526)	$ (4,304,906)
Change in accrued interest affecting interest paid	4,185	-	4,185

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Eastern Illinois University is a comprehensive, state-assisted, regional service institution. Established in 1895 as a normal school, Eastern is a multi-purpose institution, continuing its strong heritage in teacher preparation while at the same time offering a strong, comprehensive undergraduate program in the arts, sciences, humanities, and professions. The Graduate School complements and builds upon the undergraduate curriculum, providing programs of excellence at the master's and specialist's levels.

Financial Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based upon the factors discussed below, these financial statements include the accounts of Eastern Illinois University (the University) as the primary government, and the component units, Eastern Illinois University Foundation (the Foundation) and Eastern Illinois University Alumni Association, Inc., (the Alumni Association), discretely presented.

A primary government is financially accountable for a component unit if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government.

The University and the related organizations have also implemented GASB No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment of GASB Statement No. 14, *The Financial Reporting Entity*) which increased the factors to consider when determining if a component unit should be included in the financial reporting entity of a primary government.

As stated in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, a legally separate organization should be considered a component unit of the primary government if the following three factors are met: 1) the separate organization's economic resources are almost entirely held for the direct benefit of the primary government; 2) the primary government is entitled to or has access to the majority of the resources held or received by the separate organization; and 3) the resources held or received by the separate organization are significant to the primary government.

The Foundation is a legally separate, tax-exempt component unit. It acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Board of Directors of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and its students, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. An audit of the Foundation's financial statements, for the fiscal year ended June 30, 2008, was conducted by an independent certified public accountant and can be obtained from the University's Administrative Office at 600 Lincoln Avenue, Charleston, IL 61920.

The Alumni Association is also a legally separate, tax-exempt component unit. The Alumni Association is governed by a separately elected Board of Directors and its primary functions are to foster loyalty and fellowship among the alumni of the University and to receive gifts, which are contributed for the welfare of the University. The Alumni Association uses its resources entirely or almost entirely for the direct benefit of the University or its constituents. In addition, the University is entitled to or has access to the majority of the resources of the Association, and such resources are significant to the University. Therefore, the Alumni Association is considered a component unit of the University and is discretely presented in the University's financial statements. An audit of the Alumni Association's financial statements, for the fiscal year ended June 30, 2008, was conducted by an independent certified public accountant and can be obtained from the University's Administrative Office at 600 Lincoln Avenue, Charleston, IL 61920.

The University is a component unit of the State of Illinois and is included in the basic financial statements of the State of Illinois.

Financial Statement Presentation

The basic financial statements include prior year comparative information which has been derived from the University and the Component Units' 2007 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University and Component Units' financial statements for the year ended June 30, 2007.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

The University has also implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* with this report.

Cash Equivalents

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Illinois Funds are considered cash equivalents.

Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in the unrealized gain (loss) on the carrying value of investments are reported as net increase (decrease) in fair value of investments in the Statement of Revenues, Expenses, and Changes in Net Assets.

Inventories

Inventories are carried at the lower of cost (first-in, first-out method) or market.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Illinois. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts.

Restricted Assets

Restricted assets consist of cash and investments that are restricted by external sources and are classified as either current or noncurrent assets in the Statement of Net Assets depending upon when the assets become available for use.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The University's capitalization policy for capital assets is as follows: equipment $5,000 or greater, land or buildings $100,000 or greater and site or building improvements $25,000 or greater. Renovations to buildings and equipment that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University purchases textbooks and library materials for its textbook rental service and library. The University capitalizes all library books and textbooks purchases.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 to 20 years for site and building improvements, 5 years for library books, 4 to 7 years for equipment and 2 years for textbooks. Depreciation also includes amortization of capitalized leased equipment.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation pay, sick pay, and compensable time are accrued at year-end for financial statement purposes. The liabilities outstanding are reported as accrued liabilities in the Statement of Net Assets, and the expenses incurred are reported as functionalized expenses in the Statement of Revenues, Expenses, and Changes in Net Assets.

Long-term Liabilities

Long-term liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Account Manager of the University account uses discretion in deciding which resources to apply.

Income Taxes

The University, as a political subdivision of the State of Illinois is excluded from Federal income taxes under Section 115(I) of the Internal Revenue Code, as amended.

Reclassifications and Accounting Changes

Bond premiums, discounts, and capitalized deferred accounting losses which were originally included as part of unrestricted net assets has been reclassified to invested in capital assets. The Foundation has elected to early implement GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments.* This statement requires land and other real estate held as investments by endowments to be recorded at fair market value. Since the Foundation has elected early implementation of this statement, the earliest period presented on their financial statements was restated as required by GASB Statement no. 52. Net assets at July 1, 2006 were increased by $1,213,780 for the cumulative effect of this change in accounting for its land held by endowments on years prior to fiscal year 2007. The same reclassification was made in the prior year financial statements for comparative purposes to conform to the presentation in the current year financial statements.

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* such as state appropriations and investment income.

On-Behalf Payments for Fringe Benefits

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the University has reported on-behalf payments made by the State of Illinois to the Department of Central Management Services State Employees Group Insurance Program and the State Universities' Retirement System of Illinois (SURS) totaling $31,652,439 representing $23,120,994 and $8,531,445 for group insurance and retirement costs, respectively. These costs are reflected as nonoperating revenues and operating expenses with revenues reported as payments on behalf of the University and expenses allocated to each educational and general program.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the

University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

2. CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Cash and Deposits

The University maintains deposits at financial institutions authorized by the Board of Trustees. The carrying amount of the University's deposits was $52,243 as of June 30, 2008. These were fully covered by federal depository insurance. In addition, the University had cash on hand in various petty cash and change funds in the amount of $45,930 as of June 30, 2008.

Investments

Illinois Statutes and the Board of Trustees authorize the University to invest in United States Government securities, securities guaranteed by the full faith and credit of the United States Government, interest-bearing savings accounts, certificate and time deposits in financial institutions fully insured by the FDIC, and any other security or investment permitted by law and approved by the Board. The Vice-President for Business Affairs has the authority to prescribe investment guidelines consistent with the Board of Trustee regulations, the provisions of the Public Funds Investment Act (30 ILCS 235/2.5 et seq.) and the Uniform Management of Institutional Funds Act (760 ILCS 50/1-10).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University has established a maximum maturity of up to four years for any investment. State statutes limit maturity on commercial paper investments to 180 days. Effective maturity ranges for investments as of June 30, 2008 are as follows:

Effective Maturity	0-1 Year	1-5 Years	6-10 Years
Illinois Funds	$34,166,202	$ -	$ -
U.S. Treasury/Agency securities	-	2,989,215	
Mutual bond funds	-	-	111,492
Money market funds	3,754	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. As of June 30, 2008, all investments, other than the mutual bond fund, were in U.S. agencies or government sponsored corporation securities, which are either explicitly or implicitly guaranteed by the U.S. Government. They are all classified as AAA rated securities. An assumption is made that callable investments will be held until maturity. During the fiscal year 2008, the University did invest in commercial paper. Commercial paper ratings must be in the 3 highest classifications established by at least 2 standard rating services. The mutual bonds are invested in AAA rated funds totaling $55,249 and AA rated funds totaling $56,243. The University's investment policy has no specific guidelines addressing the credit rating of mutual bond funds. The Illinois Funds are rated AAA and all other money market fund portfolios consist of investments rated in the top two classification tiers.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover value of deposits, investments or collateral securities that are in the possession of an outside party. All of the University's investments are held by a custodian in the University's name and are not subject to creditors of the custodial bank.

The University's investments in the Illinois Funds, mutual funds and money market funds are not subject to detailed disclosure because the University owns shares of each investment fund and not the physical securities.

Concentration Risk

The University does not have any investments representing 5% or more of total assets in any single issuer other than the U.S. Government, its agencies or sponsored corporations. State statutes limit investment in short term debts of corporations to one-third of the agency's funds, and no more than 10% of any one corporation's outstanding obligations. The University has limited commercial paper investments to two million dollars per issuer.

The University has not held foreign currency positions other than the purchase of foreign payment drafts to vendors, nor has it participated in securities lending.

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other state funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report.

The Illinois Funds do not have any direct or indirect investments in derivative instruments. The money market funds and mutual funds have not disclosed to the University whether derivatives are used, held, or were written during the period covered by the financial statements.

Reconciliation to the Statement of Net Assets

A reconciliation of cash and investments as presented previously to amounts reported in the Statement of Net Assets as of June 30, 2008 are as follows:

	Current	Noncurrent	Total
Cash and cash equivalents	$16,186,353	$ -	$16,186,353
Restricted cash and cash equivalents	18,081,776	-	18,081,776
Restricted investments	20,963	1,810,568	1,831,531
Other long term investments	-	1,178,647	1,178,647
Endowment investments	-	548,808	548,808
	$34,289,092	$3,538,023	$37,827,115

Breakdown and carrying amounts of the cash and investments are as follows:

Cash deposits	$ 52,243
Petty cash funds	45,930
The Illinois Funds money market accounts	34,166,202
Money market accounts – US Bank	3,754
Bond mutual funds – Charles Schwab and Co., Inc.	111,492
Equity mutual funds – Charles Schwab and Co., Inc.	458,279
U.S. Treasury/agency securities	2,989,215
	$ 37,827,115

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2008:

Sales and services	$ 2,313,069
Student tuition and fees	3,133,676
Auxiliary enterprises and other operating activities	6,212,797
Federal, State, and private grants and contracts	1,451,022
Others	2,645,772
Total	15,756,336
Less allowance for doubtful accounts	(3,491,406)
Net accounts receivable	$ 12,264,930

4. INVENTORIES

Inventories consisted of the following as of June 30, 2008:

Bookstore	$ 884,457
Facilities	508,259
Food services/housing	162,332
Union operation	68,023
Postage	59,472
Pharmacy	28,291
Others	1,063
	$ 1,711,897

5. NOTES RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the notes receivable as of June 30, 2008. Under this Program, the federal government provides funds for approximately 75% of the total contribution for student loans with the University providing the balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University to the extent of 10% of the amounts forgiven for loans originated prior to July 1, 1993, under the Federal Perkins Loan Program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. Government upon cessation of the Program of $5,726,427 as of June 30, 2008, are reflected in the accompanying Statement of Net Assets as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans may be assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. As of June 30, 2008, the allowance for uncollectible loans was $82,387.

6. CAPITAL ASSETS

	For the Year Ended June 30, 2008 (In thousands)				
	6/30/2007	Additions	Deletions	Transfers	6/30/2008
Capital assets not being depreciated					
Land and land improvements	$ 2,369	$ -	$ -	$ -	$ 2,369
Capitalized collections	199	-	-	-	199
Construction in progress	49,977	17,744	108	(3,826)	63,787
Total capital assets not being depreciated	52,545	17,744	108	(3,826)	66,355
Capital assets being depreciated					
Site improvements	15,982	-	-	927	16,909
Buildings and building improvements	216,214	270	-	2,899	219,383
Equipment	56,570	5,400	1,915	-	60,055
Capital leases-equipment	114	-	-	-	114
Total capital assets being depreciated	288,880	5,670	1,915	3,826	296,461
Less accumulated depreciation for:					
Site improvements	8,581	806	-	-	9,387
Buildings and building improvements	91,816	5,678	-	-	97,494
Equipment	45,722	5,503	1,877	-	49,348
Capital leases-equipment	13	21	-	-	34
Total accumulated depreciation	146,132	12,008	1,877	-	156,263
Total capital assets, being depreciated, net	142,748	(6,338)	38	3,826	140,198
Capital assets, net	$ 195,293	$ 11,406	$ 146	$ -	$ 206,553

7. CONSTRUCTION IN PROGRESS

The University had numerous construction projects in progress as of June 30, 2008. The Fine Arts Building project is to be funded mainly by appropriations to the Capital Development Board. The Coal Heat Plant project is only in the planning stages at this time, with funding sources still being identified. Below is a listing of the major construction projects in progress as of June 30, 2008:

	Project Estimate	Expended to 6/30/08	Committed
Ninth Street Hall Addition	$ 1,698,000	$ 76,000	$ 1,622,000
EIU Renewable Energy Center	40,000,000	74,600	39,925,400
Fine Arts building addition	7,122,000	7,278,747	(156,747)
Fine Arts building renovation	55,450,000	47,468,503	7,981,497
Various residence hall projects	5,550,000	4,772,030	777,970
Electrical distribution upgrade	4,220,000	2,207,543	2,012,457
Various bond facility projects	170,000	128,914	41,086
Textbook rental facility	2,850,000	60,903	2,789,097
Fine Arts sound systems	1,500,000	1,078,996	421,004
Other miscellaneous	1,475,000	640,881	834,119
	$ 120,035,000	$ 63,787,117	$ 56,247,883

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30, 2008:

Accounts payable	$ 4,219,927
Accrued wages	6,542,087
Accrued expenses	2,178,610
Other	140,808
	$ 13,081,432

9. DEFERRED REVENUES

Deferred revenues consisted of the following as of June 30, 2008:

Tuition and fees	$ 1,659,925
Sales and services	183,119
Auxiliary enterprises	184,172
Grants and contracts	488,914
Miscellaneous	109,811
	$ 2,625,941

10. LONG-TERM LIABILITIES

		As of June 30, 2008				
		Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Amounts due within one year
Revenue bonds, notes payable and Certificate of Participation						
Revenue bonds payable	(1)	$ 40,840,000	$ 18,590,000	$ 22,630,000	$ 36,800,000	$ 2,170,000
Revenue bond discounts		(46,697)	-	(45,914)	(783)	(552)
Revenue bond premiums		246,172	1,215,246	178,329	1,283,089	370,315
Deferred accounting loss		(947,479)	(124,024)	(111,547)	(959,956)	(121,338)
Notes payable	(1)	125,051	-	22,400	102,651	102,651
Certificates of Participation	(2)	22,775,000	-	2,150,000	20,625,000	2,295,000
COPS premium		97,201	-	32,316	64,885	24,880
COPS discount		(175,964)	-	(19,481)	(156,483)	(17,515)
Capital lease obligations	(3)	80,443	-	25,447	54,996	24,105
Other liabilities						
Accrued compensated absences	*	14,943,370	-	898,499	14,044,871	1,466,184
Deposits	*	1,641,120	6,351	238,908	1,408,563	1,366,881
Federal loan program contributions	*	5,621,476	104,951	-	5,726,427	-
Total long-term liabilities		$ 85,199,693	$ 19,792,524	$ 25,998,957	$ 78,993,260	$ 7,680,611

(1) See Note 11 for more information on revenue bonds and notes payable.
(2) See Note 12 for more information on Certificates of Participation.
(3) See Note 13 for more information on capital lease obligations.

* Due to limitations in the University's accounting system, the gross amounts for additions and reductions are not readily available for fiscal year 2008.

Total interest expense for the year ended June 30, 2008 was $2,595,950. There was $129,619 interest capitalized as part of capital projects in progress during the year.

11. REVENUE BONDS AND NOTES PAYABLE

Revenue bonds payable consisted of the following as June 30, 2008:

$10,000,000, Auxiliary Facilities System Revenue Bonds, Series 2000, term bonds due in annual installments (principal only) of $285,000 to $300,000 through April 1, 2010; interest rate is 5.0%.	$ 585,000
$19,345,000, Auxiliary Facilities System Revenue Bonds, Series 2005, term bonds due in annual installments (principal only) of $885,000 to $1,370,000 through April 1, 2013; $965,000 to $1,595,000 through April 1, 2018; $540,000 to $635,000 through April 1, 2023; $665,000 to $730,000 through April 1, 2026; interest ranges from 3.0% to 5.0%.	17,625,000
$18,590,000 Auxiliary Facilities System Revenue Bonds, Series 2008, term bonds due in annual installments (principal only) of $1,000,000 to $2,900,000 through October 1, 2015; interest ranges from 3.25% to 5.0%.	18,590,000
Total bonds outstanding	$ 36,800,000

On July 1, 2005, the Series 2005 Bonds were issued in the principal amount of $19,345,000. Proceeds from the sale of the Series 2005 Bonds were used to advance refund all of the Series 1997 Bonds and portions of the outstanding Series 1998 and Series 2000 Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Series Bonds as well as the portions of the Series 1998 and Series 2000 Bonds that were advance refunded. As a result, the 1997 Bonds and refunded portions of the 1998 and 2000 Bonds are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Assets.

Although the advance refunding resulted in the recognition of an accounting loss of $1,164,045, the University in effect reduced its aggregate debt service payments by $951,513 over the next 21 years and also gained the University the release of the Series 1997 Debt Service Reserve Fund in the amount of $953,416.

During March of 2008, the Series 2008 Bonds were issued in the principal amount of $18,590,000. Proceeds from the sale of the Series 2008 Bonds were used to refund and redeem in April 2008, all of the outstanding Auxiliary Facilities System

Revenue Bonds, Series 1998, that matured on and after October 1, 2008. The Series 1998 Bonds due on April 1, 2008 were paid from other available University funds. This portion of the Series 1998 Bonds are no longer outstanding and the liability for those bonds has been removed from the University's Statement of Net Assets.

Although the current refunding resulted in the recognition of an accounting loss of $124,024, the University in effect reduced its aggregate debt service payments by $920,974 over the next eight years.

All bonds outstanding are payable by the Board of Trustees solely from the net revenue of the Eastern Illinois University Auxiliary Facilities System (the "System") and from pledged tuition and fees, as well as from certain other funds pledged to pay the principal, redemption premiums, if any, and interest on the bonds.

As of June 30, 2008, $8,895,000 of previously refunded bonds were outstanding. Assets held in irrevocable trust accounts, along with interest, are anticipated to be sufficient to retire these bonds. As such, these bonds are defeased and accordingly have been accounted for as if they were retired. The balances of the related escrow funds were $9,106,401 as of June 30, 2008.

The estimated annual amounts required for the payment of principal and interest on the outstanding revenue bonds as of June 30, 2008, are set forth in the following table:

Year ending June 30	Principal	Interest	Total Payments
2009	$ 2,170,000	$ 1,712,954	$ 3,882,954
2010	3,360,000	1,559,088	4,919,088
2011	3,525,000	1,401,862	4,926,862
2012	3,680,000	1,241,638	4,921,638
2013	3,870,000	1,054,638	4,924,638
2014-2018	15,170,000	2,491,002	17,661,002
2019-2023	2,930,000	821,678	3,751,678
2024-2026	2,095,000	182,632	2,277,632
Total	$ 36,800,000	$ 10,465,492	$ 47,265,492

The following reserve accounts were established by the bond resolutions for the 2000, 2005, and 2008 Bond Series:

Retirement of Indebtedness -- These accounts include the Bond and Interest Sinking Accounts.

The bond indenture requires the University to set aside in the Bond and Interest Sinking Account on or before five banking days prior to April 1 and October 1, amounts sufficient to equal the next semi-annual payment (principal and interest). These amounts are to be provided after payment of current operating and maintenance costs.

Repair and Replacement Reserve Account -- Under the terms of the bond indenture, a transfer is made each fiscal year, if approved by the Board, to the Repair and Replacement Reserve Account. The maximum amount which may be accumulated in this account, including investments thereof, shall not exceed 5 percent of the replacement costs of the facilities constituting the System, plus either 10 percent of the historical costs of the parking lots or 100 percent of the estimated cost of resurfacing any one existing parking lot. This account will be used to pay the cost of unusual or extraordinary maintenance or repairs, renewals, replacements and renovating of the facilities or replacement of fixed equipment not paid as part of the ordinary maintenance and operations. Funds can be transferred from this account to the Bond and Interest Sinking Account if a deficiency occurs in that account which cannot be funded from the Debt Service Reserve Account.

Development Reserve Account -- Under the terms of the bond indenture, funds approved by the Board for expenditure for new space or construction of a facility are deposited in this account.

Equipment Reserve Account -- Under the terms of the bond indenture, funds approved by the Board for expenditure in connection with the acquisition of movable equipment to be installed in the facilities are deposited in this account. The maximum amount accumulated shall not exceed 20 percent of the cost of the movable equipment of the System.

Surplus Revenues -- After all mandatory transfers to the above accounts have been made, any excess funds may be used to: redeem or purchase bonds, advance refund bonds, credit funds to a utility reserve to provide for the payment of utilities (amount not to exceed 5 percent of the operating costs during such fiscal year), or to establish a self-insurance fund in connection with claims against or damage to the System.

The amounts required by the bond resolution for these purposes as of June 30, 2008 compared with the amounts included within the accounts as of June 30, 2008 are as follows:

	Minimum Amount Required By Bond Resolution	Cash and Investments Deposited in the Account
Repair and Replacement Reserve Account	$ -	$ 3,895,816

Pledged Revenues and Debt Service Requirements

The University has pledged specific revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

		Pledged Revenues			
Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged[1]	Term of Commitment	Debt Service to Pledged Revenues
Auxiliary Facilities System (AFS)	Refundings, various improvements and additions to the System	Net AFS revenue, student tuition and fees	$ 47,265,492	2026	8%

[1] Total future principal and interest payments on bonds.

For the current year, principal and interest paid by the University and the total net revenues pledged were $5,898,385 and $75,039,899, respectively.

Notes payable consisted of the following as of June 30, 2008:

University demand note payable to First Mid-Illinois Bank and Trust, to finance equipment for the union bowling center; payable on demand, but if no demand is made, payable in annual installments of $29,239 including interest at 5.44%; final payment due February, 2012; secured by union bowling center equipment	$ 102,651
	$ 102,651

Maturity Information

The scheduled maturities of the notes payable, if demand is made, are as follows:

Year ending June 30	Principal	Interest	Total Payments
2009	$ 102,651	$ 5,598	$ 108,249

12. CERTIFICATES OF PARTICIPATION

The Certificates of Participation (COPS) consisted of the following as of June 30, 2008:

$10,775,000 Certificates of Participation, Series 2001; due in annual installments (principal only) of $650,000 beginning August 15, 2002, to $1,550,000 through August 15, 2011; interest ranges from 2.35% to 5.25%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the event of non-appropriation as defined in the Indenture.	$ 5,485,000
$8,640,000 Certificates of Participation, Series 2003; due in annual installments (principal only) of $695,000 beginning in August 15, 2004 to $1,075,000 through August 15, 2013; interest ranges from 3% to 4%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the event of non-appropriation as defined in the Indenture.	5,670,000
$9,730,000 Certificates of Participation, Series 2005; due in annual installments (principal only) of $260,000 beginning February 15, 2008, to $1,020,000 through February 15, 2025, interest ranges from 3.0% to 4.3%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the event of non-appropriation as defined in the Indenture and are subject to mandatory redemption, in whole, at the price of the principal amount, plus accrued interest, on February 15, 2025 should the Board renew the Purchase Contract. The certificates are also callable at the option of the Board on any date on or after February 15, 2015 at the price of the principal amount, plus accrued interest.	9,470,000
Total Certificates of Participation	$20,625,000

Per the COPS Series 2001, COPS Series 2003, and the COPS Series 2005 official statements, the Board is obligated to make installment payments either from funds derived from State appropriations or from legally available non-appropriated funds. Such legally available non-appropriated funds will include payments from the auxiliary facilities system using the savings derived from improvements within the system that are part of the energy services component of the issues. In addition, for the COPS Series 2003, such legally available funds include an increase of the student technology fee related to the network infrastructure upgrade and for the COPS Series 2005, such legally available funds include an increase in the campus improvement fee. The estimated annual amounts required for the payment of principal and interest on the outstanding Certificates of Participation as of June 30, 2008, are set forth in the following table:

Year ending June 30	Principal	Interest	Total Payments
2009	$ 2,295,000	$ 802,794	$ 3,097,794
2010	2,455,000	709,944	3,164,944
2011	2,630,000	607,662	3,237,662
2012	2,810,000	491,456	3,301,456
2013	1,325,000	401,334	1,726,334
2014-2018	2,775,000	1,538,844	4,313,844
2019-2023	4,335,000	978,244	5,313,244
2024-2025	2,000,000	129,370	2,129,370
Total	$ 20,625,000	$ 5,659,648	$ 26,284,648

13. LEASES PAYABLE

The University leases various computers and other equipment under capital lease purchase contracts. The equipment and related capital lease obligations are presented on the Statement of Net Assets at the net present value of the future minimum lease payments due under the capital leases as determined using applicable discount rates.

Following is a schedule by years of the total future minimum lease payments due under these equipment capital leases together with the net present value of the future minimum lease payments as of June 30, 2008:

Year ending June 30,	
2009	$ 28,037
2010	12,900
2011	12,900
2012	9,675
Total minimum lease payments	63,512
Less amount representing interest	8,517
Net present value of future minimum lease payment	$ 54,995

The University also made rental payments under operating leases in 2008 of $259,323 primarily for office space used by various grant activities, temporary fine arts facilities due to renovations, and the University's textbook rental system. The University expects that with the opening of the Doudna Fine Arts Center in Fall 2008, rent expenditures would decline in fiscal year 2009.

The University has two operating leases for the temporary fine arts facilities due to renovations. One lease agreement expired on August 31, 2005 and is being renewed on a month-by-month basis. The other lease was extended until June 30, 2008. Both agreements are on a month-by-month basis for FY09 and will be terminated on September 30, 2008.

14. RETIREMENT PLAN

Plan Description

Eastern Illinois University contributes to the State Universities' Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Funding Policy

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The rate for the year ended June 30, 2008, 2007 and 2006 were 12.88%, 10.61%, and 10.18%, respectively, of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the year ended June 30, 2008, 2007, and 2006 were \$8,837,061, \$6,494,479 and \$4,384,895, respectively, equal to the required contributions for each year.

15. POST EMPLOYMENT BENEFITS

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

16. SELF INSURANCE

The University is self insured for general liability through SURMA, the State Universities' Risk Management Association. SURMA is a cooperative agency voluntarily established by contracting Illinois State Universities, as defined by various sections of Chapter 110 of the Illinois Compiled Statutes. Its purpose is to prevent or lessen casualty losses to State University properties and injuries to persons or property which might result in claims being made against the State University and which would not be defended by the Illinois Attorney General and paid for by the State of Illinois and in most cases adjudicated through the Court of Claims. Each participating University's portion of the premium was determined based upon an actuarial evaluation. The University carries commercial excess general liability coverage with coverage up to $5 million with a $350,000 self-insured retention. Settled claims have not exceeded commercial general liability coverage in any of the three preceding years.

In addition, the University offers a self-insured health plan to its students and is the administrator of this plan. A student health insurance fee is assessed each semester to fund this plan. Students who enroll for nine or more hours are automatically covered and students who enroll for six to eight hours can request to be included under the plan. Dependents of an eligible student are not allowed to enroll in this plan. Students who are enrolled for nine or more hours may elect not to participate in the plan if they can provide proof of existing medical insurance that exceeds the benefits offered under the University's plan.

This plan is considered secondary or excess insurance if the student possesses any other medical insurance. This plan has a $50 deductible per diagnosis per school year and allows benefits up to 80%, subject to some limitations. The lifetime maximum benefits of the plan are $15,000 per diagnosis for medical services and $5,000 for mental illness and substance abuse. Total claims of $815,077 were paid for the year ended June 30, 2008.

The University has established a reserve for its self insurance costs to offset claims incurred but not submitted and the continuing rise of health care costs. This reserve is based on estimated ultimate cost of settling claims applying historical experience. Changes in the reserve balance for the year ended June 30, 2008 are as follows:

Reserve balance, June 30, 2007	$ 168,248
Current year claims	819,977
Payment of claims	(815,077)
Reserve balance, June 30, 2008	$ 173,148

17. TRANSACTIONS WITH RELATED PARTIES

The University, being a State university, is a component unit of the State of Illinois (the State). The State provided the University with funds to spend on general and educational purposes as well as capital items during fiscal year 2008. The University received from the State $49,189,200 for general and educational purposes and $2,657,335 for capital expenditures during the fiscal year 2008.

The University also received assets from the Capital Development Board (CDB), an agency of the State of Illinois. CDB administered various capital improvements at the University. During fiscal year 2008, the University received $2,455,532 of capital improvements that were funded and paid for directly by CDB.

The Eastern Illinois University Foundation (Foundation) has a contract with Eastern Illinois University in which the Foundation has agreed to aid and assist the University in achieving its education, research and service goals by developing and administering gifts made to the Foundation to be used for the benefit of the University for scholarships, grants and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation which are to be repaid by the Foundation either in the form of money or its equivalent in services or resources.

During the year ended, June 30, 2008, the University provided cash, services and other resources to the Foundation totaling $209,770 to help defray the Foundation's cost incurred under the contract. During the year ended June 30, 2008, the Foundation incurred expenses of $131,145 under the contract.

During the year ended June 30, 2008, the Foundation gave the University $1,230,683 of cash, services and resources, unrestricted or restricted only as to department, which are generally for on-going operations of the University. In addition, the Foundation gave the University restricted scholarships, grants and awards of $791,175 during the year. Also the Foundation received $22,975 for the year ended June 30, 2008, in gifts from the University's restricted gift account with the donor's consent and $146,000 from a University grant account.

The Eastern Illinois University Alumni Association, Inc. (Association) had an agreement with Eastern Illinois University to coordinate the University's alumni activities. The University agreed to provide the Association with money or in-kind services in an amount not to exceed the Association's cost of coordinating these activities. The Association has also agreed to pay the University for all facilities, services, and resources used. The payment is to be either in the form of money or its equivalent in services or resources.
During the year ended June 30, 2008, the University provided the Association with $25,523 in services in accordance with the contract.

In fulfilling its fiscal year 2008 contract with the University, the Association incurred $147,686 of expenses and $38,050 of in-kind expenses. Included in the fiscal year 2008 expenses of $147,686 are unrestricted gifts/grants of $44,909 to the University. In addition, the Association provided the use of its facilities at no charge to the University. The value of these facilities was $47,444 for the year ended June 30, 2008.

18. COMMITMENTS AND CONTINGENT LIABILITIES

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, the ultimate resolution of these matters will not have a material adverse effect upon the University's financial position.

The University participates in certain Federal and State Government agencies grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

19. NATURAL CLASSIFICATIONS OF EXPENSES

Operating expenses by natural classification for the year ended June 30, 2008 are as follows:

Salaries	$ 103,997,187
Benefits	38,578,947
Supplies	6,310,281
Contractual services	19,102,142
Utilities	5,145,032
Travel	2,221,668
Repairs and maintenance, equipment and buildings	4,075,121
Scholarships	5,492,061
Other	7,585,516
Depreciation	12,008,453
	$ 204,516,408

20. DISCLOSURES OF COMPONENT UNITS

As the cash, investments and liabilities of the Foundation are considered material to the University's financial statements taken as a whole, the following disclosures are made regarding these items.

Cash and Cash Equivalents

The Foundation's cash deposits mainly represent funds held by the University in the Illinois Funds. The Illinois Funds are pooled short term fully collateralized money market accounts administered by the Treasurer of the State of Illinois. The Foundation also maintains deposits at those depository institutions authorized by the Foundation Board of Directors. These deposits are fully covered by Federal Depository Insurance.

Investments

The Foundation is authorized by the Board of Directors to invest funds in compliance with stated investment policies. All other investments are carried at their fair value, as determined by quoted market prices for investments that have readily available fair value. For investments for which a readily determinable fair value does not exist (e.g. private equities and alternative investments), the investments are valued at estimated fair values based on information provided by the fund managers. Because of the inherent uncertainty of valuation relating to the Foundation's investments in investee funds and their underlying investments, the estimate of fair value may differ from the values that would have been used had a ready market existed, and any difference could be material.

If a donor has not provided specific instructions, Illinois Compiled Statutes (760 ILCS 50/3) permits the Board of Directors to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board of Directors is required to consider the Foundation's long-term and short-term needs, present and anticipated financial requirement, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes of which the endowment was established.

The long-term objective of the endowment funds, as determined by the Board of Directors, is to achieve a total return in excess of its current spending rate policy over a twenty-year time horizon. The current rate of the spending rate policy is 5% per year, comprised of a 4.25% spending rate and 0.75% for administrative expenses. In addition to achieving the 5% spending rate policy, the policy asset allocation is designed to cover the costs of inflation, investment management/consulting fees, and other related costs. The spending allowance calculation is determined by taking the spending rate (currently 5%) times the investment portfolio's trailing twelve-quarter average market value, as of December 31st of each year. Any remaining return over the 5% spending rate will be retained for use in future years. As of June 30, 2008, net appreciation of $10,313,550 is available to be spent, but is restricted to specific purposes. Also, as of June 30, 2008, the fair market values of certain endowment investments were below their original cost by $706,864.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's fixed income investments as of June 30, 2008 are disclosed as follows:

Effective Duration	**6-10 Years**
Mutual Bond Funds	$ 13,249,242

The Foundation holds mutual bond funds with PIMCO and Vanguard. PIMCO bond funds have an average maturity of 6.01 to 8.39 years. Vanguard bond funds have an average maturity of 7.5 to 9.1 years. The Foundation does not have a policy that specifically addresses interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Foundation has no specific guidelines addressing the credit rating of fixed income securities. The quality ratings for investments disclosed as of June 30, 2008 are shown as follows.

Quality Rating	AAA	AA	A
Money Market Funds	$ 3,962,632	$ -	$ -
Mutual Bond Funds	3,085,359	9,767,489	396,394

The money market funds administered by Charles Schwab & Co., Inc. do not have a quality rating.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. The Foundation's policy does not address custodial credit risk. One hundred percent of the Foundation's investments are held by a custodian in the Foundation's name and are not subject to creditors of a custodial bank.

The Foundation's investments in The Illinois Funds, money market mutual funds, mutual funds, bond funds, equity funds and Federated Treasury Obligations Trust are not subject to detail disclosure because the Foundation owns shares of each investment fund and not the physical securities. Cash surrender value of life insurance and real estate are also not subject to disclosure.

Concentration Risk

The Foundation does not have any investments representing 5% or more of total assets in any single issuer. The Foundation does not have a policy that specifically addresses concentration risk.

The Foundation has not held foreign currency positions. Managers are authorized to participate in securities lending, but did not participate in securities lending other than participation in a mutual fund.

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other state funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report. The Illinois Funds do not have any direct or indirect investments in derivative instruments.

The money market mutual funds, bond funds, equity funds, Northern Prime Obligations #887 and mutual funds have not disclosed to the Foundation whether derivatives are used, held or were written during the period covered by the financial statements.

Reconciliation to the Statement of Net Assets

A reconciliation of cash and investments as shown on the June 30, 2008 Statement of Net Assets is as follows:

	Current	Noncurrent	Total
Cash and cash equivalents	$ 388,524	$ -	$ 388,524
Restricted cash and cash equivalents	3,255,125	130,110	3,385,235
Restricted investments	1,908,315	19,861,544	21,769,859
Other current investments	32,000	-	32,000
Endowment investments	-	32,093,418	32,093,418
Total cash and investments	$ 5,583,964	$ 52,085,072	$ 57,669,036

Breakdown and carrying amount of the cash and investments are as follows:

The Illinois Funds money market accounts	$ 3,773,760
Money market accounts administered by First-Mid-Illinois Bank and Trust	188,872
Money market accounts administered by Charles Schwab & Co., Inc.	1,606,417
Investments administered by Charles Schwab & Co., Inc.	
Bond funds	13,249,242
Equities and Equity funds	21,694,954
Investments administered by Davis Funds	3,842,662
Alternative Investments	
Investments administered by the Commonfund	1,466,249
Investments administered by Corbin Pinehurst	3,764,626
Investments administered by CITCO Fund Services	3,339,464
Private Equities	
Investments administered by Park Street Capital	452,341
Investments administered by Goldman Sachs	74,594
Cooperative stock	870
Life insurance cash values	67,852
Real estate	4,147,133
Total cash and investments	$ 57,669,036

Long-term Liabilities

The Foundation incurred a demand mortgage note payable to a bank for the purchase of land and construction of a new foundation center, known as the Neal Welcome Center. The building, as well as two unitrust gifts were pledged as collateral on this note. Accrued interest is payable on demand, but if no demand is made, then on the 10th day of each month. The principal is payable on demand, but if no demand is made, then on October 10, 2011. The Foundation made a voluntary $75,000 payment to principal during fiscal year 2008. Additionally, the interest rate was reduced from 6.50% to 5.75% on May 30, 2008.

The balance of the demand mortgage note payable was $1,437,238 as of June 30, 2008.

In addition, the Foundation had amounts due to others as of June 30, 2008, in the amounts of $6,015,235. These liabilities arose as the Foundation acts as the trustee for certain trusts. Also, the Foundation has control of the assets under certain split interest agreements which will eventually need to be paid to outside parties.

21. SUBSEQUENT EVENTS

In December 2008, the University issued Auxiliary System Revenue Bonds, Series 2008B, in the amount of $4,230,000. Proceeds from the sale of the bonds will be used to construct and equip the new Textbook Rental Service facility and pay for issuance costs. These bonds will be paid from student fees.

As of March 31, 2009, due to significant volatility in the financial markets, the value of the University's endowment investments has decreased by approximately 20% since June 30, 2008. However, because the values of individual investments fluctuate with market conditions, the amount of investment losses that the University will recognize in its future financial statements, if any, cannot be determined.

EASTERN ILLINOIS UNIVERSITY
UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS
June 30, 2008

SCHEDULE OF INSURANCE

Insurance Coverage:

Property damage including building, contents, business interruption, and electronic data processing. Coverage is for fire, lightning, windstorms, hail, explosion, riot, civil commotion, vandalism and malicious mischief, and flood and earthquake.

	Coverage Amount	Deductible
Most building, contents, business interruption, electronic data processing and builder's risk	$ 500,000,000	$ 25,000
Boiler and machinery	100,000,000	25,000
Flood	50,000,000	-*
Earthquake	100,000,000	25,000

Insurance company: Lexington Insurance Company

Policy period: July 1, 2007 to July 1, 2008

* 2% of total insurable value per building, per occurrence, subject to a minimum of $1,000,000.

EASTERN ILLINOIS UNIVERSITY
UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS
June 30, 2008

RATES	Double Occupancy	Single Occupancy
Residence halls		
Summer 2007	$ 1,100	N/A
Fall 2007		
7 meals	3,161	3,911
10 meals	3,301	4,051
12 meals	3,426	4,176
15 meals	3,562	4,312
Spring 2008		
7 meals	3,161	3,911
10 meals	3,301	4,051
12 meals	3,426	4,176
15 meals	3,562	4,312
Summer 2008 (8 week session)	1,176	1,471

RATES	Efficiency	One bedroom	Super Efficiency
Married student housing (monthly rent)			
Fall 2007	$ 400	$ 421	$ 375
Spring 2008	400	421	375
Summer 2008	400	421	375

University Court (semester)	Range		
Fall 2007	$ 2,197	to	$ 2,937
Spring 2008	2,197	to	2,937
Summer 2008 (8 week session)	874	to	982

Bond revenue fees	Fees
Summer 2007	$ 267.39
Fall 2007	267.39
Spring 2008	267.39
Summer 2008	267.39

EASTERN ILLINOIS UNIVERSITY
UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS
June 30, 2008

ENROLLMENT DATA

Enrollment Date	Undergraduate Students	Graduate Students	Extension Students	Total
Summer 2007	2,016	791	1,600	4,407
Fall 2007	9,797	1,216	1,166	12,179
Spring 2008	8,891	1,194	1,217	11,302
Summer 2008	2,071	829	1,561	4,461

OCCUPANCY DATA

OCCUPANCY		Occupancy	Rate Occupancy	% of Occupancy
Residence halls				
Fall 2007	(1)	3,904	4,689	83%
Spring 2008	(1)	3,624	4,689	77%
Married student housing				
Summer 2007		79	154	51%
Fall 2007		150	154	97%
Spring 2008		148	154	96%
Summer 2008		71	154	46%
University Court				
Summer 2007		95	146	65%
Fall 2007		145	146	99%
Spring 2008		144	146	99%
Summer 2008		132	146	90%

(1) reflects adjustment for floor used for faculty offices during construction of new Fine Arts building

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Eastern Illinois University (University), and its discretely presented component units, collectively a component unit of the State of Illinois as of and for the year ended June 30, 2008, and have issued our report thereon dated April 20, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report to the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

<u>Internal Control Over Financial Reporting</u>

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain

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deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting (08-1 and 08-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees and the University's management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

E.C. Ortiz & Co., LLP

April 20, 2009

EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2008

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

08-1. **Finding – (Inadequate control over bank reconciliations)**

Eastern Illinois University (University) did not have adequate controls over bank reconciliations.

Each month, the University is reconciling six separate bank accounts: the General Fund, the Foundation account, the Payroll disbursements account, the Athletics account, the Student Refund Account, and the Money Market Account, therefore a total of 72 reconciliations are to be performed each year. During our review of the monthly bank reconciliations, we noted the following:

- Seven of 12 (58%) General Fund bank reconciliations were prepared 16 to 112 days after the month end. Three of the 7 (43%) referenced bank reconciliations were reviewed and approved 66 to 86 days after they were prepared.
- Nine of 12 (75%) Payroll Bank account reconciliations were prepared 41 to 210 days after the month end. Two of 9 (22%) referenced Payroll Bank account reconciliations were reviewed 10 and 46 days after they were prepared.
- Five of 12 (42%) Money Market Account reconciliations were prepared 44 to 67 days after the month end.
- Long outstanding checks from the General Fund and Payroll disbursement accounts were not promptly investigated and disposed. As of the June 30, 2008, there were 77 and 75 outstanding checks totaling $11,169 and $6,665 from the General Fund and Payroll disbursement accounts, respectively that were issued more than 6 months prior to the date of the bank statement.

Effective internal control policies require all transactions be recorded in the accounting system and bank reconciliations be performed and reviewed in a timely manner. Reconciling items should be investigated and disposed of promptly.

According to University personnel, the bank reconciliation was late due to staffing issues. The goal of the University is to investigate and clear outstanding checks beyond 6 months. They are in the process of clearing long outstanding checks.

Failure to perform and review monthly bank reconciliations in a timely manner may result in inaccurate financial statement information. Improprieties involving cash accounts could also go unnoticed until the reconciliation is completed. (Finding Code No. 08-1, 07-01, 06-1, 05-1)

Recommendation

We recommend the University establish procedures to perform and review bank account reconciliations in a timely manner. In addition, long outstanding checks should be reviewed and disposed of promptly.

University Response

Bank reconciliations are an important part of the University's system of internal controls. Staffing issues have been corrected and all reconciliations were current at June 30, 2008. We will continue to work on addressing reconciling items in a timely manner.

08-2. **Finding (Draft financial statements not completed timely)**

Eastern Illinois University (University) did not provide the auditors with complete and accurate financial statements on a timely basis.

During the audit entrance conference on May 12, 2008 a deadline for submission of the University's draft financial statements for timely completion of the financial audit was determined and agreed to by the auditors and University management. The deadline for delivery of the complete draft financial statements to the auditors for fiscal year 2008 was October 27, 2008. Although an initial draft was provided to the auditors on October 27, 2008, the draft was incomplete and had not been fully reviewed by all parties involved with the preparation and approval of the financial statements. Changes and adjustments to the initial draft were occurring as late as February 11, 2009, 107 days after the agreed upon deadline, when the following late adjustments were being made to the University financial statements and note disclosures:

- a reclassification adjustment was made to the gain or loss on the disposal of capital assets and the related cash flows totaling $275,687, and
- the final Eastern Illinois University Foundation financial statements were not completed for inclusion in the University financial statements.

The Fiscal Control and Internal Auditing Act, 30 ILCS 10/3001 requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, a good system of internal control ensures that financial statements are prepared timely to benefit users of those financial statements.

According to University management, the reclassification was due to a request from the Illinois Office of the Comptroller to move certain transactions between revenue lines on the Statement of Revenues, Expenses and Changes in Net Assets. The Foundation financial statements were late due to a delay in obtaining an appraisal of farmland as of June 30, 2006 used in the implementation of GASB Statement No. 52.

Submitting incomplete and unadjusted draft financial statements delays completion of the audit process and the timely release of the University's financial report to users. (Finding Code No. 08-2)

Recommendation

We recommend the University take a comprehensive look at the entire financial reporting process and make changes needed to timely prepare financial reports for auditors and other users.

University Response

The University concurs with the auditor's statement that the timely preparation and release of financial statements is important.

The University prepared a draft of its financial statements and submitted it on a timely basis to the auditors. The University is also required to submit, on forms provided, its financial statements to the Illinois Comptroller's Office. When submitted, both sets of financial statements were in agreement. However, the Comptroller's Office asked the University to make adjustments to reclassify certain transactions related to the gain or loss on the disposal of capital assets to be consistent with the way they wanted to present these transactions within the State's financial statements. We agreed to make the changes requested by the Comptroller's Office even though we considered the change to be immaterial to the University's financial statements.

The delay in the completion of the Foundation's financial statements was caused when the auditors' changed their minds and requested additional information to support the implementation of GASB 52. We had previously asked the auditors and provided to them, information that they initially believed was satisfactory for issuing their opinion.

When working with professionals and the complex requirements of accounting literature, we will have differences of opinion that may require changes to the financial statements. We find it unreasonable to say that we will never make an adjustment to our financial statements because a deadline has passed. We strive to be accurate and timely in our preparation of the financial statements but we can not control all issues that may arise.

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APPENDIX C

SUMMARY OF CERTAIN LEGAL DOCUMENTS

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APPENDIX C

SUMMARY OF CERTAIN LEGAL DOCUMENTS

The following are brief summaries of the provisions of the Purchase Contract, the Acquisition Agreement and the Indenture. These summaries are not intended to be definitive. Reference is made to the complete documents for the complete terms thereof. Copies of the documents are available as set forth in the Official Statement under the heading "ADDITIONAL INFORMATION."

CERTAIN DEFINITIONS

"Acquisition Agreement" means the Acquisition Agreement dated as of ________ 1, 2009, by and between the Trustee and the Board, and any duly authorized and executed amendment thereto.

"Acquisition Costs" means the price paid or to be paid by the Trustee to cause the acquisition, construction and equipping of the Improvements, together with all other costs and expenses incidental to such acquisition, construction and equipping, including but not limited to capitalized interest for a period determined by the Board Representative and the salaries of certain designated employees of the Board employed in connection with the acquisition, construction and equipping of the Improvements prior to the date the related Improvements are placed in service.

"Acquisition Fund" means the fund of that name established and held in trust by the Board as agent of the Trustee pursuant to the Indenture for the purpose of paying Acquisition Costs.

"Additional Payments" means all costs and expenses incurred by the Trustee to comply with the provisions of the Indenture, including without limitation, all costs and expenses of auditors, engineers, accountants and legal counsel, if necessary, but excluding Delivery Costs (which shall be paid by the Board from moneys deposited in the Acquisition Fund), any advances by the Trustee to the Board and amounts incurred by the Trustee in order to discharge or remove any pledge, lien, charge, encumbrance or claim with respect to the Improvements, all of which are required to be paid by the Board under the Purchase Contract.

"Certificates" means the $_____________ aggregate principal amount of the Eastern Illinois University Certificates of Participation (Energy Conservation Projects), Series 2009A-1 (Tax-Exempt) and $_____________ aggregate principal amount of the Eastern Illinois University Certificates of Participation (Energy Conservation Projects), Series 2009A-2 (Build America Program - Taxable).

["Certificate Insurance Policy" means the financial guaranty insurance policy issued by the Certificate Insurer insuring the payment when due of the principal of and interest on the Certificates as provided therein.]

["Certificate Insurer" means ______________________________________, a stock insurance company, as the issuer of the Certificate Insurance Policy, and its successors.]

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"Construction Contract" means any construction contract or contracts between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor and between any Contractor or subcontractor and its immediate subcontractor regarding the Improvements.

"Contractor" means any contractor designated as a contractor by the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee.

"Event of Default" means an event of default under the Purchase Contract, as described in this APPENDIX C under "PURCHASE CONTRACT – Events of Default," and, in addition, if the Purchase Contract has terminated pursuant thereto, the failure of the Trustee to receive, from amounts previously appropriated by the State, when combined with Legally Available Nonappropriated Funds, an amount sufficient to pay principal of or interest on the Certificates on any date payment thereof is due. An Event of Default shall not mean the Board's failure to obtain final appropriation by the State of Installment Payments and Additional Payments during the next occurring fiscal year of the State.

"Event of Nonappropriation" is defined in the body of this Official Statement under the subheading "SECURITY FOR THE CERTIFICATES – Termination of Purchase Contract."

"Favorable Opinion of Special Counsel" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel delivered by Special Counsel, to the effect that such action is in accordance with applicable State law [and will not impair the exclusion of the interest component of Installment Payments paid with respect to the Certificates from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Certificates). See also the information in this APPENDIX C under "INDENTURE – Form of Opinions of Special Counsel."]

"Improvement Contracts" means a Supply Contract, a Construction Contract or a Professional and Specialty Services Contract, respectively.

"Improvements" means all property, improvements, equipment, services and facilities sold to the Board pursuant to the Purchase Contract as more fully described in the Indenture, as it may be supplemented or amended.

"Indenture" means the Indenture of Trust, dated as of ________ 1, 2009, by and between the Board and the Trustee, together with any amendments or supplements thereto permitted to be made thereunder.

"Installment Payments" means the payments required to be paid by the Board on any date pursuant to the Purchase Contract.

"Interest Payment Date" means each of the dates on which interest is due and payable with respect to the Certificates as provided in the Indenture.

"Legally Available Nonappropriated Funds" means budgeted legally available funds of the Board derived from sources other than State appropriations on an annual basis.

"Outstanding," when used with reference to the Certificates, means, as of any date of determination, all Certificates theretofore executed and delivered except:

(a) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates which are deemed paid and no longer Outstanding as provided in the Indenture;

(c) Certificates in lieu of which other Certificates shall have been issued pursuant to the provisions of the Indenture relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and

(d) Certificates owned or held by or for the account of the Board or by any person directly or indirectly controlled by, or under direct or indirect common control with the Board (except any Certificates held in any pension or retirement fund), which shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in the Indenture, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Indenture, unless all outstanding Certificates are so held by the Board.

"Owner" or "Certificate Owner" or "Owner of a Certificate", or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered.

"Permitted Encumbrances" means, as of any particular time: (i) the Purchase Contract; (ii) rights, reservations, covenants, conditions or restrictions which exist as of the date of issuance of the Certificates; and (iii) leases, encumbrances and other rights, reservations, covenants, conditions or restrictions to which the Trustee and the Board consent in writing.

"Permitted Investments" means investments which are permitted under the statutes of the State of Illinois providing for the investment of funds of the Board, as such statutes may be amended from time to time.

"Prepayment" means any payment applied towards the prepayment of the Installment Payments, in whole or in part, pursuant to the Purchase Contract as a prepayment of the Installment Payments.

"Professional and Specialty Services Contract" means any professional services or specialty services contract between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor providing for the construction, acquisition, equipping and delivery of the Improvements; *provided, however*, that such services, including but not limited to the services of employees of the Board, must be performed prior to the date the related Improvements are placed in service.

"Purchase Contract" means the Installment Purchase Contract, dated as of ________ 1, 2009, by and between the Board and the Trustee, together with any duly authorized and executed amendment thereto.

"State" means the State of Illinois.

"Supply Contract" means any equipment contract or purchase order between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor providing for the construction, acquisition, equipping and delivery of the Improvements.

"Tax Certificate" means any agreement or certificate of the Board which the Board may execute in order to establish and maintain the [exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments payable with respect to the Certificates][qualification of the Certificates as "build America bonds" within the meaning of Section 54AA(d) of the Code that are "qualified bonds" within the meaning of Section 54AA(g) of the Code].

“Treasurer” means the Treasurer of the Board or such other person as may at the time be the acting chief fiscal officer of the Board, or his or her designee as set forth in a certificate filed with the Trustee.

PURCHASE CONTRACT

PURCHASE OF IMPROVEMENTS

The Trustee agrees to sell the Improvements to the Board pursuant to the terms and conditions set forth in the Purchase Contract. The term of the Purchase Contract begins on ____________ __1, 20__ and continues through and including ____________ __1, 20__, unless terminated prior thereto. (See “SECURITY FOR THE CERTIFICATES – Termination of Purchase Contract” in the body of this Official Statement.)

No later than the business day before April 1 and October 1 of each fiscal year, the Board shall deposit with the Trustee from the appropriations made to the Board, the full amount of funds necessary, when combined with Legally Available Nonappropriated Funds, to make all Installment Payments coming due on such dates.

INSTALLMENT PAYMENTS

The Board has agreed to pay, as payment for the purchase price of the Improvements, the Installment Payments. The Board has also agreed to pay the Additional Payments when due.

OPERATION; MAINTENANCE; MODIFICATION OF IMPROVEMENTS; LIENS

The Board has agreed to pay for, or otherwise arrange for the payment of, all operation, improvement, repair and maintenance of the Improvements. The Board must pay or cause to be paid all taxes, assessments, utility and other charges with respect to the Improvements.

The Board and any lessee has the right to remodel any Improvements or to make additions, modifications and improvements to the Improvements which do not damage any Improvements or reduce their value to a value substantially less than that which existed prior to such addition, modification or improvement. Any such additions, modifications or improvements shall thereafter comprise part of the Improvements and become subject to the Purchase Contract.

The Board must not, directly or indirectly, create, incur, assume or suffer to exist any pledge, lien, charge, encumbrance or claim on or with respect to the Improvements, other than the respective rights of the Trustee and the Board as provided in the Purchase Contract and Permitted Encumbrances. Except as expressly provided in the Purchase Contract, the Board must promptly, at its own expense, take such action as may be necessary to duly discharge, contest or remove any such pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same arises at any time.

INSURANCE

The Board is required to maintain, or cause to be maintained, throughout the term of the Purchase Contract, a program of liability, property and casualty insurance and/or self-insurance, of such types and in such amounts as are customary for similar institutions carrying on similar activities.

PURCHASE OPTION; PREPAYMENT

On or after an Event of Nonappropriation and determination by the Board that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current fiscal year, the Board may exercise its option to purchase all of the Improvements by paying the Prepayment price of principal and accrued interest on all of the Certificates to the date the Purchase Contract is terminated. Such amount will be deposited by the Trustee in the Installment Payment Fund and applied to the redemption of the Certificates in accordance with the Indenture.

SECURITY DEPOSIT

The Board may on any date secure the payment of all or any portion of Installment Payments by a deposit with the Trustee of cash or direct non-callable obligations of the United States of America, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay all or any portion of unpaid Installment Payments on their respective Installment Payment Dates. In the event of a deposit sufficient to pay, or provide for the payment of, all unpaid Installment Payments, all obligations of the Board under the Purchase Contract, and all security provided by the Purchase Contract for said obligations, shall cease and terminate, excepting only the obligations of the Board to make, or cause to be made, Installment Payments from such deposit.

DAMAGE OR DESTRUCTION OF IMPROVEMENTS

Upon any damage to or destruction of any portion of the Improvements the original cost of which, in the aggregate, exceeds $250,000, the Board shall take one of the following actions, in the sole discretion of the Board Representative:

(a) restore, repair or replace such damaged or destroyed Improvements to their original condition;

(b) amend the description of the Improvements in the Purchase Contract to add additional Improvements having at least the same original cost as such damaged or destroyed Improvements; or

(c) secure the payment of the portion of Installment Payments relating to such damaged or destroyed Improvements by a deposit with the Trustee pursuant to the Purchase Contract of an amount which, upon investment together with investment earnings, will be sufficient to pay a portion of the unpaid Installment Payments, including the principal and interest components thereof. Such portion of the principal component of the unpaid Installment Payments in each year shall be determined by the Board Representative by multiplying the amount of the principal component of the unpaid Installment Payments due in each year by the ratio of (i) the original cost of such damaged or destroyed Improvements paid from the proceeds of the Certificates to (ii) all Acquisition Costs, rounded up to the nearest $5000 of principal amount in each year.

ASSIGNMENT AND LEASING

The Board may not assign any of its rights in the Purchase Contract. Except for leases by the Board for occasional, de minimus use that is permitted under the terms of the Tax Certificate, the Improvements may be leased in whole or in part by the Board only with the written consent of the Trustee and only under the conditions contained in the Purchase Contract, including the condition that the Board furnish the Trustee with a Favorable Opinion of Special Counsel with respect to any such lease.

EVENTS OF DEFAULT

Each of the following constitutes an “event of default” under the Purchase Contract:

(i) Failure by the Board to make any Installment Payment or other payment required under the Purchase Contract, including, without limitation, any mandatory prepayment, when due;

(ii) Failure by the Board to observe and perform any covenant, agreement or condition on its part to be observed or performed under the Purchase Contract or the Indenture, other than default described in (i) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Board by the Trustee or the Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding; *provided,* if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee or such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected; or

(iii) Certain events relating to bankruptcy of the Board or the inability of the Board to pay its debts.

Upon the occurrence and continuation of any event of default, the Trustee may, to the extent permitted by law, exercise any and all remedies available pursuant to law or granted pursuant to the Purchase Contract, including, but not limited, to the right to sue the Board for any amounts appropriated by the General Assembly of the State for the payment of Installment Payments and Additional Payments but not paid by the Board to the Trustee.

Upon the occurrence of an event of default under the Purchase Contract, the Trustee at its option may terminate the Purchase Contract and, to the extent permitted by law, lease or sell all or any portion of its interests in the Improvements. Any amounts received by the Trustee from such leasing or sale shall be credited towards the Board's unpaid Installment Payments and Additional Payments. Any net proceeds of sale, lease or other disposition of the Trustee's interest in the Improvements are required to be deposited in the Installment Payment Fund and applied to Installment Payments in order of payment date. Pursuant to the Indenture, in an event of default, all remedies shall be exercised by the Trustee and the Certificate Owners as provided in the Indenture.

INDENTURE

PLEDGE AND SECURITY

Pursuant to the Indenture, the Trustee has established a trust to receive and to hold as security for the Owners of the Certificates, a security interest in the following:

A. All right, title and interest of the Trustee in and to the Improvements and the Acquisition Agreement.

B. All right, title and interest of the Board in and to the Improvements now or hereafter acquired by the Board, and in and to the Improvement Contracts between the Board and any Contractor, and any duly authorized and executed amendments thereto, including the right to (i) acquire each item of Improvements; (ii) take title to such Improvements; (iii) be named the purchaser in any bill or bills of sale to be delivered by the Contractors; (iv) all claims for damages with respect to each item of Improvements arising as a result of any default by the respective Contractor; and (v) compel performance of the terms of the Improvement Contracts with respect to such Improvements; *provided* that title to and possession of the Improvements in existence on the date of delivery of the Purchase Contract will automatically thereafter vest in the Board without action by the Trustee, and title to and possession of all Improvements acquired after the date of delivery of the Purchase Contract shall automatically so vest in the Board upon acquisition without action by the Trustee.

With respect to each item of Improvements, so long, and only so long, as such item of Improvements shall be subject to the Purchase Contract and the Board shall be entitled to possession of such Improvements thereunder, the Board has reserved (a) the rights to demand, accept and retain all rights in and to all property, data and service which the Contractors are obligated to provide, or do provide, pursuant to the Improvement Contracts, (b) all rights, if any, with respect to spare parts as provided in the Improvement Contracts, (c) the right to obtain instructions and data pursuant to the Improvement Contracts and (d) the rights under all warranty and indemnity provisions contained in the Improvement Contracts.

C. All right, title and interest of the Board in the Acquisition Agreement and the Purchase Contract, but excluding the Board's option to terminate the Purchase Contract, certain of the Board's rights relating to title, use and enjoyment of the Improvements, and the right of the Board to receive all notices, certificates, requests, directions and other communications under the Indenture and the Purchase Contract.

D. All right, title and interest of the Trustee in and to the Purchase Contract and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, including, but not limited to the Installment Payments and the Additional Payments, (ii) bring actions and proceedings thereunder or for the enforcement thereof and (iii) do any and all things which the Trustee is or may become entitled to do thereunder.

E. All right, title and interest of the Board in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture (other than the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

F. All right, title and interest of the Trustee in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture (other than the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

All rights of the Trustee shall be administered according to the provisions of the Indenture and for the equal and proportionate benefit of the Owners of Certificates.

TRUSTEE

The Trustee is appointed pursuant to the Indenture and is authorized to execute and deliver the Certificates and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Indenture in accordance with the Board's instructions.

FORM OF OPINIONS OF SPECIAL COUNSEL

In situations where a Favorable Opinion of Special Counsel or an opinion of Special Counsel is required or requested to be delivered under the Indenture or under the Purchase Contract after the delivery of the Certificates, the Trustee shall accept (unless otherwise directed by the Board) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

FUNDS

The Indenture creates the Acquisition Fund to be held in trust by the Board as agent of the Trustee and the Installment Payment Fund to be held in trust by the Trustee. The net proceeds of the sale of the Certificates shall be deposited in the Acquisition Fund.

Acquisition Fund. Moneys in the Acquisition Fund shall be disbursed by the Board pursuant to the Indenture to pay Acquisition Costs and the Delivery Costs.

Following the completion of the Improvements, moneys remaining in the Acquisition Fund shall be deposited in the Installment Payment Fund and used as required by the Tax Certificate. If an Event of Default occurs and is continuing, an Event of Nonappropriation occurs, or the Purchase Contract is terminated, the moneys in the Acquisition Fund shall be paid by the Board to the Trustee and applied as described below under "– Application of Funds."

Installment Payment Fund. The Trustee shall deposit into the Installment Payment Fund all Installment Payments, Additional Payments and Prepayments, including any other moneys required to be deposited therein pursuant to the Purchase Contract or the Indenture. Moneys on deposit in the Installment Payment Fund shall be used to pay principal of and interest on the Certificates as the same become due and payable.

Any surplus remaining in the Installment Payment Fund after the redemption or payment of all Certificates, or provision for such redemption or payment has been made to the satisfaction of the Trustee, shall be remitted to the Board.

Investments. The Trustee is required to invest and reinvest all moneys held by the Trustee under the Indenture upon order of a representative of the Board in Permitted Investments. Moneys in the Acquisition Fund shall be invested by the Board in Permitted Investments. Any earnings on investment of moneys in the Installment Payment Fund shall be retained in the Installment Payment Fund as a credit against the Installment Payments or Additional Payments next due and owing by the Board. Investment earnings on moneys in the Acquisition Fund shall be retained therein until the Improvements have been acquired, constructed and equipped, and any surplus therein at such time shall be used as required by the Tax Certificate.

EVENT OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee may and shall, at the direction of Owners of not less than 25% in aggregate principal amount of the Certificates then outstanding, by written notice to the Board, exercise any and all remedies available at law or granted pursuant to the Purchase Contract, including declaring the principal portion of the Installment Payments to be immediately due and payable, whereupon that portion of the principal portion of the Installment Payments coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Certificates to the contrary notwithstanding.

No Owner of any Certificate may institute any suit, action or proceeding in equity or at law for any remedy under or upon the Indenture unless (a) such Owner has given written notice to the Trustee of such Event of Default; (b) the Owners of not less than 25% in aggregate principal amount of all of the Certificates then Outstanding have made written request of the Trustee to exercise such powers; (c) said Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days following receipt of such written request and such tender of indemnity.

APPLICATION OF FUNDS

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture of the Purchase Contract shall be applied by the Trustee in the following order, upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the costs and expenses of the Trustee and of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and, to the extent lawful, installments of interest at the rate borne by the related Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest;

Third, to the payment of amounts, if any, payable pursuant to the Tax Certificate;

[*Fourth*, to repay the Certificate Insurer for any amounts paid under the Certificate Insurance Policy.]

AMENDMENT

The Indenture, the Acquisition Agreement and the Purchase Contract may be amended by agreement among the parties thereto without the consent of the Owners of the Certificates, but only to the extent permitted by law and only as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture;

(b) to add to the covenants and agreements of the Board contained in the Indenture or of the Trustee contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Certificates, or to surrender any right or power reserved or conferred upon the Board or the Trustee, which in the judgment of the Trustee is not materially adverse to the Owners of the Certificates;

(c) to confirm as further assurance, any ownership, pledge of or lien on the trust assets or any other moneys, securities or funds subject or to be subjected to the Indenture;

(d) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended, if applicable to the Indenture;

(e) to modify, alter, amend or supplement the Indenture, the Purchase Contract or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Certificates;

(f) to provide for a new Securities Depository to accept Certificates;

(g) to modify or eliminate the Book-Entry System for any of the Certificates;

(h) to secure or maintain ratings on the Certificates from Moody's and/or S&P;

(i) to provide for the appointment of a successor Trustee; and

(j) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the interest component payable on the Series 2009A-1 Certificates from the federal gross income of the Owners thereof.

Any other amendment shall require the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding.

Unless approved in writing by the Owners of all the Certificates affected thereby, nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, or premium if any, or interest on, any Outstanding Certificate, or a reduction in the principal amount or redemption price of any Outstanding Certificate or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the trust estate ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (iii) a reduction in the aggregate principal amount of Certificates the consent of the Owners of which is required for any such supplemental agreement.

No amendment shall be effective unless the Trustee shall have received a Favorable Opinion of Special Counsel with respect to such amendment.

Notwithstanding the foregoing, under certain circumstances described in the Purchase Contract, amendments to the description of the Improvements in the Indenture and in the Purchase Contract may be made solely at the direction of the Board Representative.

DEFEASANCE

Upon payment of all Outstanding Certificates [(other than through payments from the Certificate Insurer)], either at or before maturity, or upon the irrevocable deposit with the Trustee of money or direct non-callable obligations of the United States of America sufficient with other available funds without reinvestment to pay and discharge all Certificates at or before maturity, the Indenture shall be terminated, except for the obligations of the Trustee to make payments on the Certificates from such funds.

Any Certificate or portion thereof in authorized denominations may be paid and discharged as provided in the preceding paragraph; *provided, however,* that if any such Certificate or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions of the Indenture or the Board shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be redeemed and as to the giving of notice of such redemption; and *provided further,* that if any such Certificate or portion thereof will not mature or be redeemed within 60 days of the deposit of the moneys or government obligations referred to in the preceding paragraph, the Trustee shall give notice of such deposit by first class mail to the Owners.

ACQUISITION AGREEMENT

Under the Acquisition Agreement, the Board assigns, conveys, transfers and sets over to the Trustee all of the Board's right, title and interest in and to the Improvements and in and to the Improvement Contracts, including the right to (a) acquire each item of Improvements; (b) take title to such Improvements; (c) be named the purchaser in any bill or bills of sale to be delivered by the Contractors; (d) all claims for damage with respect to each item of Improvements arising as a result of any default by the respective Contractor; and (e) compel performance of the terms of the Improvement Contracts with respect to such Improvements; *provided* that title and possession of to the Improvements now in existence will automatically thereafter vest in the Board without action by the Trustee, and title to and possession of all Improvements acquired hereafter will automatically so vest in the Board upon acquisition without action by the Trustee.

With respect to each item of Improvements, so long as such item of Improvements shall be subject to the Purchase Contract, the Board reserves (a) the rights to demand, accept and retain all rights in and to all property, data and service which the Contractors are obligated to provide, or do provide, pursuant to the Improvement Contracts, (b) all rights, if any, with respect to spare parts as provided in the Improvement Contracts, (c) the right to obtain instructions and data pursuant to the Improvement Contracts and (d) the rights under all warranty and indemnity provisions contained in the Improvement Contracts.

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APPENDIX D

FORMS OF OPINIONS OF SPECIAL COUNSEL

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APPENDIX D

Upon the issuance of the Series 2009A-1 Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

[To be Dated the Closing Date]

Board of Trustees of
Eastern Illinois University
Charleston, Illinois 61920

U.S. Bank National Association,
as Trustee
209 South LaSalle Street
Chicago, Illinois 60604

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the execution and delivery on the date hereof of the Acquisition Agreement, the Purchase Contract and the Indenture, each as defined in the Indenture of Trust, dated as of _________ 1, 2009, by and between the Board of Trustees of Eastern Illinois University (the *"Board"*) and U.S. Bank National Association, as Trustee. (The Acquisition Agreement, the Purchase Contract and the Indenture are hereinafter collectively referred to as the *"Documents"*).

The Purchase Contract provides for the construction, acquisition, and equipping by the Board of improvements (the *"Improvements"*), more fully described in Exhibit A to the Indenture, in consideration of the Board's agreement to make certain payments specified in the Purchase Contract (the *"Installment Payments"*). In the event the Board makes each of the Installment Payments when due and otherwise performs its obligations under the Purchase Contract, the Board will acquire the Improvements free and clear of any security interest of the Trustee, or its successors or assigns, without the payment of any additional consideration.

In connection with our engagement, we have reviewed the following documents and other matters:

(a) Executed counterparts of the Documents, including all exhibits thereto.

(b) The proceedings of the Board authorizing the execution, delivery and performance of the Documents and the other documents contemplated thereby to be executed by the Board in connection therewith.

(c) The opinion of the University General Counsel to the Board, dated the date hereof.

(d) The form of the Certificates of Participation (Energy Conservation Projects), Series 2009A-1 (Tax-Exempt), issued in the aggregate principal amount of $________ (the *"Certificates"*).

(e) Such other documents, certificates and other matters of fact and law, including the Internal Revenue Code of 1986, as amended (the *"Code"*), as we considered necessary in connection with the opinions expressed herein.

In connection with our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents, the genuineness of all signatures appearing thereon and the correctness and accuracy of all statements of fact and representations contained therein.

Based upon the foregoing, it is our opinion, and we herewith advise you, that:

1. The Board is duly organized and validly existing as a body corporate under the Constitution and laws of the State of Illinois, and has all requisite power and authority thereunder to enter into and perform its covenants and agreements under the Documents.

2. The Documents have been duly authorized, validly executed and delivered by the Board and constitute valid and binding obligations of the Board enforceable in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee pursuant to the Indenture and are valid evidences of undivided proportionate interests in certain payments, including the Installment Payments, to be made by the Board pursuant to the Purchase Contract.

4. It is also our opinion that, subject to the Board's compliance with certain covenants, under present law, the portion of each Installment Payment made by the Board to the Trustee, as trustee for the owners of the Certificates, and denominated as and comprising interest pursuant to the Purchase Contract, which is received by the owners of the Certificates, It is also our opinion that, subject to the Board's compliance with certain covenants, under present law, interest on the Series 2009A-1 Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), (iii) and is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations.

We express no opinion for federal income tax purposes as to any moneys received in payment of or with respect to the Certificates subsequent to the termination of the Board's obligations under the Purchase Contract. Failure to comply with certain of such Board covenants could cause such interest to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Certificates and the Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Certificates.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the laws and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. Our opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Upon the issuance of the Series 2009A-2 Certificates, Chapman and Cutler LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

[Letterhead of Chapman and Cutler LLP]

[To Be Dated the Closing Date]

Board of Trustees
of Eastern Illinois University
Charleston, Illinois 61920

U.S. Bank National Association,
As Trustee
209 South LaSalle Street
Chicago, IL 60604

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the execution and delivery on the date hereof of the Acquisition Agreement, the Purchase Contract and the Indenture, each as defined in the Indenture of Trust, dated as of ________ 1, 2009, by and between the Board of Trustees of Eastern Illinois University (the *"Board"*) and U.S. Bank National Association, as Trustee. (The Acquisition Agreement, the Purchase Contract and the Indenture are hereinafter collectively referred to as the *"Documents"*).

The Purchase Contract provides for the construction, acquisition and equipping by the Board of improvements (the *"Improvements"*), more fully described in Exhibit A to the Indenture, in consideration of the Board's agreement to make certain payments specified in the Purchase Contract (the *"Installment Payments"*). In the event the Board makes each of the Installment Payments when due and otherwise performs its obligations under the Purchase Contract, the Board will acquire the Improvements free and clear of any security interest of the Trustee, or its successors or assigns, without the payment of any additional consideration.

In connection with our engagement, we have reviewed the following documents and other matters:

(a) Executed counterparts of the Documents, including all exhibits thereto.

(b) The proceedings of the Board authorizing the execution, delivery and performance of the Documents and the other documents contemplated thereby to be executed by the Board in connection therewith.

(c) The opinion of the University General Counsel to the Board, dated the date hereof.

(d) The form of the Certificates of Participation (Energy Conservation Projects), Series 2009A-2 (Build America Program – Taxable), issued in the aggregate principal amount of $________ (the *"Certificates"*).

(e) Such other documents, certificates and other matters of fact and law as we considered necessary in connection with the opinions expressed herein.

In connection with our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents, the genuineness of all signatures appearing thereon and the correctness and accuracy of all statements of fact and representations contained therein.

Based upon the foregoing, it is our opinion, and we herewith advise you, that:

1. The Board is duly organized and validly existing as a body corporate under the Constitution and laws of the State of Illinois, and has all requisite power and authority thereunder to enter into and perform its covenants and agreements under the Documents.

2. The Documents have been duly authorized, validly executed and delivered by the Board and constitute valid and binding obligations of the Board enforceable in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee pursuant to the Indenture and are valid evidences of undivided proportionate interests in certain payments, including the Installment Payments, to be made by the Board pursuant to the Purchase Contract.

4. It is our opinion that, under present law, the portion of each Installment Payment made by the Board to the Trustee, as trustee for the owners of the Series 2009A-2 Certificates, and denominated as and comprising interest pursuant to the Purchase Contract, is not excludable from gross income of the owners thereof for federal income tax purposes. Ownership of the Series 2009A-2 Certificates may result in other federal income tax consequences to certain taxpayers. Certificateholders should consult their own tax advisors concerning the tax consequences of ownership of the Series 2009A-2 Certificates. It is also our opinion that interest on the Series 2009A-2 Certificates is includable in the calculation of Illinois state income tax for Certificateholders who are residents of Illinois. Ownership of the Series 2009A-2 Certificates may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any collateral consequences arising with respect to the Series 2009A-2 Certificates.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2009A-2 Certificates.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based on our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX E

FORM OF THE CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF THE CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is executed and delivered by The Board of Trustees (the “Board”) of Eastern Illinois University (the “University”) in connection with the issuance of $________ Certificates of Participation (Energy Conservation Projects), Series 2009A (the “Certificates”). The Certificates are being issued pursuant to an Indenture of Trust dated as of ________ 1, 2009 (the “Indenture”) between U.S. Bank National Association, as Trustee (the “Trustee”), and the Board.

In consideration of the issuance of the Certificates by the Board and the purchase of such Certificates by the beneficial owners thereof, the Board covenants and agrees as follows:

1. **Purpose of the Agreement**. This Agreement is executed and delivered by the Board as of the date set forth below, for the benefit of the beneficial owners of the Certificates and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Board represents that it will be the only “obligated person” with respect to the Certificates at the time the Certificates are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Certificates.

2. **Definitions**. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“Annual Financial Information” means the financial information and operating data described in Exhibit I.

“Annual Financial Information Disclosure” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the audited financial statements of the Board prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the Board and which has filed with the Board a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

"Material Event" means the occurrence of any of the Events with respect to the Certificates set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriters" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Certificates.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"State" means the State of Illinois.

"Undertaking" means the obligations of the Board pursuant to Sections 4 and 5.

3. **CUSIP Number/Final Official Statement.** The CUSIP Numbers of the Certificates are attached hereto as Exhibit III. The Final Official Statement relating to the Certificates is dated __________ __ 20__ (the "Final Official Statement"). The Board will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

4. **Annual Financial Information Disclosure.** Subject to Section 8 of this Agreement, the Board hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information, and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Board will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. **Material Events Disclosure**. Subject to Section 8 of this Agreement, the Board hereby covenants that it will disseminate in a timely manner Material Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Certificates or defeasance of any Certificates need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Certificateholders pursuant to the Indenture.

6. **Consequences of Failure of the Board to Provide Information.** The Board shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Board to comply with any provision of this Agreement, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

7. **Amendments; Waiver**. Notwithstanding any other provisions of this Agreement, the Board by resolution authorizing such amendment or waiver, may amend this Agreement, and any provisions of this Agreement may be waived, if:

a. (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the University, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

b. The amendment or waiver does not materially impair the interests of the beneficial owners of the Certificates, as determined by parties unaffiliated with the Board (such as the Trustee), or by approving vote of the Certificateholders pursuant to the terms of the Indenture at the time of the amendment or waiver.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Material Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Board shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. **Termination of Undertaking**. The Undertaking of the Board shall be terminated hereunder if the Board shall no longer have any legal liability for any obligation on or relating to repayment of the Certificates under the Indenture. The Board shall give notice to EMMA in a timely manner if this Section is applicable.

9. **Dissemination Agent**. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. **Additional Information.** Nothing in this Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Board chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of

occurrence of a Material Event. If the Board is changed, the Board shall disseminate such information to EMMA.

11. **Beneficiaries**. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Board, the Dissemination Agent, if any, and the beneficial owners of the Certificates, and shall create no rights in any other person or entity.

12. **Record Keeping.** The Board shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. **Assignment.** The Board shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Board under this Agreement or to execute an Undertaking under the Rule.

14. **Governing Law**. This Agreement shall be governed by the laws of the State.

BOARD OF TRUSTEES OF
EASTERN ILLINOIS UNIVERSITY

By:____
Board Treasurer

Dated: __________ __, 2009

Exhibit I

ANNUAL FINANCIAL INFORMATION AND TIMING
AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Official Statement in the tables under "APPENDIX A – EASTERN ILLINOIS UNIVERSITY," exclusive of Audited Financial Statements.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Board shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA within 210 days after the last day of the Board's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in conformity with generally accepted accounting principles. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the Board.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Board will disseminate a notice of such change as required by Section 4.

Exhibit II

EVENTS WITH RESPECT TO THE CERTIFICATES
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the certificates
7. Modifications to rights of holders of the certificates
8. Bond calls (other than scheduled mandatory redemptions)
9. Defeasances
10. Release, substitution or sale of property securing repayment of the certificates
11. Rating changes.

Exhibit III

Board of Trustees of Eastern Illinois University
$85,865,000* Eastern Illinois University Certificates of Participation
(Energy Conservation Projects), Series 2009A

MATURITY DATE*	**CUSIP**
04/01/2013	
04/01/2014	
04/01/2015	
04/01/2016	
04/01/2017	
04/01/2018	
04/01/2019	
04/01/2020	
04/01/2021	
04/01/2022	
04/01/2023	
04/01/2024	
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04/01/2030	
04/01/2031	
04/01/2032	
04/01/2033	
04/01/2034	
04/01/2035	
04/01/2036	

* Preliminary, subject to change

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APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY
(TO BE PROVIDED IF CERTIFICATE INSURANCE IS PURCHASED)

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ACQUISITION AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION

and

BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

Dated as of [Date] 1, 2009

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (the *"Acquisition Agreement"*), dated as of [Date] 1, 2009, between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the *"Trustee"*), and the BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY, a body corporate and politic of the State of Illinois (the *"Board"*);

RECITALS

The Board desires to finance the acquisition, construction and equipping of, or improvements to, the Improvements more fully described in the Purchase Contract (as hereinafter defined) under an installment purchase arrangement and the Trustee is willing to purchase, or cause to be purchased, the Improvements and sell the same to the Board under a certain Installment Purchase Contract, dated as of [Date] 1, 2009 (the *"Purchase Contract"*), between the Trustee and the Board, all on the terms and conditions hereinafter set forth.

In consideration of the mutual covenants herein contained, the Trustee and the Board hereby agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the capitalized terms used but not defined in this Acquisition Agreement shall have the meanings specified in the Indenture of Trust dated as of [Date] 1, 2009, by and between the Trustee and the Board.

Section 2. Assignment to Trustee. Other than as set forth in Section 3 hereof, the Board does hereby assign, convey, transfer and set over to the Trustee all of the Board's right, title and interest in and to the Improvements and in and to the Improvement Contracts including the right to (a) acquire each item of Improvements; (b) take title to such Improvements; (c) be named the purchaser in any bill or bills of sale to be delivered by the Contractors; (d) all claims for damages with respect to each item of Improvements arising as a result of any default by the respective Contractor; and (e) compel performance of the terms of the Improvement Contracts with respect to such Improvements; *provided* that title to and possession of the Improvements in existence on the date of delivery of the Purchase Contract will automatically thereafter vest in the Board without action by the Trustee, and title to and possession of all Improvements acquired after the date of delivery of the Purchase Contract will automatically so vest in the Board upon acquisition without action by the Trustee.

*Section 3. Reservation of Right*s. With respect to each item of Improvements, so long, and only so long, as such item of Improvements shall be subject to the Purchase Contract, the Board hereby reserves (a) the rights to demand, accept and retain all rights in and to all property, data and service which the Contractors are obligated to provide, or do provide, pursuant to the Improvement Contracts, (b) all rights, if any, with respect to spare parts as provided in the Improvement Contracts, (c) the right to obtain instructions and data pursuant to the Improvement

Contracts and (d) the rights under all warranty and indemnity provisions contained in the Improvement Contracts.

Section 4. Power of Attorney. The Board does hereby constitute the Trustee the true and lawful attorney of the Board, irrevocably, with full power (in the name of the Board or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due under, or arising out of, the Improvement Contracts to the extent that the same have been assigned hereby, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Trustee may seem to be necessary or advisable in the premises.

Section 5. Purchase of Improvements. The Board, on behalf of the Trustee agrees, subject to the delivery of the invoice or invoices and other conditions set forth in the Purchase Contract and the Indenture, to pay or cause to be paid to the respective Contractors the cost of the Improvements then to be purchased constituting the invoice price of such Improvements.

Section 6. Further Assurances. The Board agrees that at any time and from time to time, upon the written request of the Trustee, the Board will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Trustee may reasonably request in order to obtain the full benefits of this Acquisition Agreement and of the rights and powers herein granted.

Section 7. Representations. The Board hereby represents and warrants that the Improvement Contracts are assignable in accordance with this Acquisition Agreement, are in full force and effect and are enforceable in accordance with their respective terms and neither the Contractors (to the best of the Board's knowledge) nor the Board is in default thereunder. The Board hereby further represents and warrants that the Board has not assigned or pledged, and hereby covenants that it will not assign or pledge so long as this Acquisition Agreement shall remain in effect, the whole or any part of the rights hereby assigned or reserved or to be assigned to anyone other than the Trustee.

Section 8. Governing Law. This Agreement, and all of the rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the State of Illinois.

Section 9. Assignment. The Trustee, concurrently with the execution and delivery of this Acquisition Agreement, has entered into the Indenture, under which the Trustee assigns all of its right, title and interest in and to this Acquisition Agreement. The Board hereby consents to such assignment.

Section 10. Amendments, Changes and Modifications. This Acquisition Agreement may be amended or any of its terms modified only (i) as provided in Section 9.01 of the Indenture and (ii) by a written document duly authorized, executed and delivered by the Board and the Trustee.

Section 11. Severability. If any provision of, or any covenant, obligation or agreement contained in this Acquisition Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Acquisition Agreement. Such invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12. Execution in Counterparts. This Acquisition Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Captions. The captions or headings in this Acquisition Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or Section of this Acquisition Agreement.

[**SIGNATURE PAGE TO FOLLOW**]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ________________________________
Authorized Officer

(SEAL)

Attest:

By ___________________________
Authorized Officer

BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

By ________________________________
Treasurer

(SEAL)

Attest:

By ___________________________
Secretary

INDENTURE OF TRUST

by and between

U.S. BANK NATIONAL ASSOCIATION, as Trustee

and

BOARD OF TRUSTEES
OF EASTERN ILLINOIS UNIVERSITY

Dated as of [Date]1, 2009

INDENTURE

TABLE OF CONTENTS

(This Table of Contents is not a part of the Indenture
and is only for convenience of reference.)

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this *"Indenture"*), made and entered into as of this 1st day of [June], 2009, by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the *"Trustee"*), and the BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY, a body corporate and politic of the State of Illinois (the *"Board"*),

RECITALS

WHEREAS, pursuant to the Acquisition Agreement (as defined herein), the Trustee has agreed to acquire, construct and equip the Improvements; and

WHEREAS, the Board and the Trustee have entered into an Installment Purchase Contract dated as of the date hereof (the *"Purchase Contract"*), whereby the Trustee has agreed to sell the Improvements to the Board and the Board has agreed to buy the Improvements from the Trustee; and

WHEREAS, for the purpose of obtaining the moneys required for financing the acquisition, construction and equipping of the Improvements, the Trustee proposes to establish a trust to receive certain of its rights and duties under the Purchase Contract and the Acquisition Agreement and to execute and deliver certain Certificates of Participation (the *"Certificates"*), each evidencing a proportionate interest in the Installment Payments and Prepayments to provide the moneys required to finance the Improvements.

GRANTING CLAUSES

NOW, THEREFORE, in order to secure all Certificates executed and delivered and outstanding under this Indenture, the payment of the principal component thereof and the interest component thereon, the rights of the Owners of the Certificates and the performance and observance of the covenants and conditions contained in the Certificates, the Purchase Contract and herein, the Trustee hereby establishes an irrevocable trust and acknowledges its acceptance of the following described property to hold as security for the Owners of the Certificates, and the Board hereby grants a security interest in, and hereby releases, assigns, transfers, pledges, grants and conveys forever, the following described property (the *"Trust Estate"*):

GRANTING CLAUSE FIRST

All right, title and interest of the Trustee in and to the Improvements and the Acquisition Agreement.

GRANTING CLAUSE SECOND

All right, title and interest of the Board in and to the Improvements now or hereafter acquired by the Board, and in and to the Improvement Contracts between the Board and any

Contractor, and any duly authorized and executed amendments thereto, including the right to (i) acquire each item of Improvements; (ii) take title to such Improvements; (iii) be named the purchaser in any bill or bills of sale to be delivered by the Contractors; (iv) all claims for damages with respect to each item of Improvements arising as a result of any default by the respective Contractor; and (v) compel performance of the terms of the Improvement Contracts with respect to such Improvements; *provided* that title to and possession of the Improvements in existence on the date of delivery of the Purchase Contract will automatically thereafter vest in the Board without action by the Trustee, and title to and possession of all Improvements acquired after the date of delivery of the Purchase Contract shall automatically so vest in the Board upon acquisition without action by the Trustee.

With respect to each item of Improvements, so long, and only so long, as such item of Improvements shall be subject to the Purchase Contract and the Board shall be entitled to possession of such Improvements thereunder, the Board reserves (a) the rights to demand, accept and retain all rights in and to all property, data and service which the Contractors are obligated to provide, or do provide, pursuant to the Improvement Contracts, (b) all rights, if any, with respect to spare parts as provided in the Improvement Contracts, (c) the right to obtain instructions and data pursuant to the Improvement Contracts and (d) the rights under all warranty and indemnity provisions contained in the Improvement Contracts.

GRANTING CLAUSE THIRD

All right, title and interest of the Board in the Acquisition Agreement and the Purchase Contract, but excluding the Board's option to terminate the Purchase Contract under Section 4.2(c), the Board's rights under Section 4.5, Section 4.6, Section 5.1, Section 5.2, Section 5.4, Section 5.6, Section 9.1, Section 9.2 and Section 9.3 of the Purchase Contract, and the right of the Board to receive all notices, certificates, requests, directions and other communications under this Indenture and the Purchase Contract.

GRANTING CLAUSE FOURTH

All right, title and interest of the Trustee in and to the Purchase Contract and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, including but not limited to the Installment Payments and the Additional Payments, (ii) bring actions and proceedings thereunder or for the enforcement thereof and (iii) do any and all things which the Trustee is or may become entitled to do thereunder; *provided* that this clause shall not transfer, impair or diminish any right of the Trustee under any of the granted instruments for indemnification, reimbursement of fees, costs and expenses or to receive notices or approve amendments.

GRANTING CLAUSE FIFTH

All right, title and interest of the Board in and to amounts on deposit from time to time in the funds and accounts created pursuant hereto (other than the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

GRANTING CLAUSE SIXTH

All right, title and interest of the Trustee in and to amounts on deposit from time to time in the funds and accounts created pursuant hereto (other than the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

All rights granted herein shall be administered by the Trustee according to the provisions of this Indenture and for the equal and proportionate benefit of the Owners of Certificates.

ARTICLE I

DEFINITIONS

Section 1.01. *Definitions*. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture, have the meanings herein specified.

"Acquisition Agreement" shall mean the Acquisition Agreement, dated as of [Date]1, 2009, by and between the Trustee and the Board, and any duly authorized and executed amendment thereto.

"Acquisition Costs" shall mean the price paid or to be paid by the Trustee to cause the acquisition, construction and equipping of the Improvements in accordance with the Purchase Contract, together with all other costs and expenses incidental to such acquisition, construction and equipping, including but not limited to capitalized interest for a period [determined by the Board Representative]* and the salaries of certain designated employees of the Board employed in connection with the acquisition, construction and equipping of the Improvements prior to the date the related Improvements are placed in service.

"Acquisition Fund" shall mean the fund by that name established and held in trust by the Board as agent of the Trustee pursuant to Article III of this Indenture.

"Acts" means the Eastern Illinois University Law, 110 ILCS 665/10-1 *et seq*. and the State University Certificates of Participation Act, ___ ILCS ____.

"Additional Payments" shall mean those payments required to be made by the Board under Section 4.7 of the Purchase Contract.

* To be adjusted if BABs are issued.

"*Board*" shall mean the Board of Trustees of Eastern Illinois University and its successors and assigns.

"*Board Representative*" shall mean the Chairman, the Secretary or the Treasurer of the Board or any other person authorized by resolution of the Board to act on behalf of the Board under or with respect to this Indenture and the Purchase Contract.

"*Business Day*" shall mean any day on which banks located in each of the cities in which the principal offices of the Board [and the Certificate Insurer] and the corporate trust office of the Trustee are located are not required or authorized to remain closed.

["*Certificate Insurance Policy*" shall mean the certificate insurance policy issued by the Certificate Insurer insuring the payment when due of the principal of and interest on the Certificates as provided therein.]

["*Certificate Insurer*" shall mean [Insurer], an insurance company incorporated under the laws of _______, as the issuer of the Certificate Insurance Policy, and its successors.]

"*Certificate Register*" shall mean the books kept by the Trustee for the registration and transfer of the Certificates.

"*Certificates*" shall mean the $[Amount] aggregate principal amount of Certificates of Participation (Energy Conservation Projects), Series 2009A, to be executed and delivered pursuant hereto. [to be adjusted if more than one series]

"*Closing Date*" shall mean the day when the Certificates, duly executed by the Trustee, are delivered to the original purchasers thereof.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"*Completion Certificate*" is defined in Section 4.3 of the Purchase Contract.

"*Construction Contract*" shall mean any construction contract or contracts between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor and between any Contractor or subcontractor and its immediate subcontractor regarding the Improvements, a copy of each of which is or will be on file with the Board.

"*Contractor*" shall mean any contractor designated as a contractor by the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee.

"*Delivery Costs*" shall mean all items of expense directly or indirectly payable by or reimbursable to the Board or the Trustee relating to the execution, sale and delivery of the Purchase Contract or the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the

Trustee, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"*Expiration Date*" shall have the meaning given such term in Section 4.2 of the Purchase Contract.

"*Event of Default*" shall mean an event of default under the Purchase Contract, as defined in Section 8.1 thereof, and, in addition, if the Purchase Contract has terminated pursuant to Section 4.2 thereof, the failure of the Trustee to receive, from amounts previously appropriated by the State, when combined with Legally Available Non-appropriated Funds, an amount sufficient to pay principal of or interest on the Certificates on any date payment thereof is due. An Event of Default shall not mean the Board's failure to obtain final appropriation by the State of Installment Payments and Additional Payments during the next occurring fiscal year of the State.

"*Event of Nonappropriation*" shall have the meaning given such term in Section 4.2 of the Purchase Contract.

"*Favorable Opinion of Special Counsel*" shall mean, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel delivered by Special Counsel, to the effect that such action is in accordance with applicable State law [and will not impair the exclusion of the interest component of Installment Payments paid with respect to the Certificates from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Certificates). See also Section 8.02(k) hereof.]

"*Improvement Contracts*" shall mean a Supply Contract, a Construction Contract or a Professional and Specialty Services Contract, respectively.

"*Improvements*" shall mean all property, improvements, equipment, services and facilities sold to the Board pursuant to the Purchase Contract as more fully described in Exhibit B to the Purchase Contract, as Exhibit B may be supplemented or amended as set forth in Section 3.5 or 5.4(b) of the Purchase Contract.

"*Improvements Documents*" shall mean any of (i) the Improvement Contracts; (ii) policies of casualty, public liability and workers' compensation insurance, or certificates thereof, as required by the Purchase Contract with respect to the Improvements and (iii) any and all other documents executed by or furnished to the Board or a Contractor in connection with the Improvements.

"*Indenture*" shall mean this Indenture of Trust, together with any amendments or supplements hereto permitted to be made hereunder.

"Independent Counsel" shall mean an attorney duly admitted to the practice of law before the highest court of the State in which such attorney maintains an office and who is not an employee of the Trustee or the Board.

"Installment Payment Fund" shall mean the fund by that name established and held by the Trustee pursuant to Article V hereof.

"Installment Payments" shall mean all payments required to be paid by the Board on any date pursuant to Section 4.4 of the Purchase Contract and as set forth in Exhibit A to the Purchase Contract.

The term *"interest"* shall mean the amount attributable to the interest component of each Installment Payment.

"Interest Payment Date" shall mean each of the dates specified in Section 2.05 hereof on which interest is due and payable with respect to the Certificates.

"Legally Available Nonappropriated Funds" shall mean budgeted legally available funds of the Board derived from sources other than State appropriations on an annual basis.

"Legislature" or *"General Assembly"* shall mean the General Assembly of the State.

"*Opinion of Counsel*" shall mean a written opinion of any legal counsel having expertise in the matters covered in such opinion and acceptable to the Board and the Trustee, who may be an employee of or counsel to the Board or the Trustee.

"Outstanding," when used with reference to the Certificates, shall mean, as of any date of determination, all Certificates theretofore executed and delivered except:

(a) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates which are deemed paid and no longer Outstanding as provided herein;

(c) Certificates in lieu of which other Certificates shall have been issued pursuant to the provisions hereof relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and

(d) For the purposes described in Section 9.03 hereof, the Certificates described in said Section 9.03.

"Owner" or *"Certificate Owner"* or *"Owner of a Certificate,"* or any similar term, when used with respect to a Certificate shall mean the person in whose name such Certificate shall be registered.

"*Permitted Encumbrances*" shall mean, as of any particular time: (i) the Purchase Contract; (ii) rights, reservations, covenants, conditions or restrictions which exist as of the Closing Date; and (iii) leases, encumbrances and other rights, reservations, covenants, conditions or restrictions to which the Trustee and the Board consent in writing.

"*Permitted Investments*" shall mean any investments which are permitted under the statutes of the State of Illinois, providing for the investment of funds of the Board, as such statutes may be amended from time to time.

"*Plans and Specifications*" shall mean the plans and specifications prepared for and showing any of the Improvements, as and when they are approved by the Board, the same being duly certified by the Board Representative, which plans and specifications shall be on file at the office of the Board, and shall be available for reasonable inspection by the Trustee and its duly authorized representatives.

"*Prepayment*" shall mean any payment applied towards the prepayment of the Installment Payments, in whole or in part, pursuant to Article IX of the Purchase Contract as a prepayment of the Installment Payments.

The term "*principal*" shall mean the amount attributable to the principal component of each Installment Payment.

"*Professional and Specialty Services Contract*" shall mean any professional services or specialty services contract between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor providing for the acquisition and delivery of the Improvements; *provided, however,* that such services, including but not limited to the services of employees of the Board, must be performed prior to the date the related Improvements are placed in service. A copy of each Professional and Specialty Services Contract is or will be on file with the Board.

"*Purchase Contract*" shall mean the Installment Purchase Contract, dated as of [Date]1, 2009, by and between the Board and the Trustee, together with any duly authorized and executed amendment thereto.

"*Rebate Fund*" shall mean the fund described in Section 7.05(c) hereof.

"*Regular Record Date*" shall mean the close of business on the fifteenth day of the month next preceding each Interest Payment Date, whether or not such fifteenth day is a Business Day.

"*Representation Letter*" is defined in Section 2.13 hereof.

"*Special Counsel*" shall mean any law firm, acceptable to the Board Representative and the Trustee, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

"*Special Interest Payment Date*" shall mean the Business Day established by the Trustee for the payment of overdue interest on the Certificates pursuant to the second paragraph of Section 2.02 hereof.

"*Special Record Date*" shall mean the Business Day established by the Trustee for determination of the Registered Owners entitled to receive overdue interest on the Certificates pursuant to the second paragraph of Section 2.02 hereof.

"*State*" shall mean the State of Illinois.

"*Supply Contract*" shall mean any equipment contract or purchase order between the Board (acting in its capacity as the Trustee's agent pursuant to the Purchase Contract) or the Trustee and any Contractor providing for the acquisition and delivery of the Improvements, a copy of each of which is or will be on file with the Board.

"*Tax Certificate*" shall mean any agreement or certificate of the Board which the Board may execute in order to establish and maintain the [exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments payable with respect to the Certificates] [qualification of the Certificates as "build America bonds" within the meaning of Section 54AA(d) of the Code that are "qualified bonds" within the meaning of Section 54AA(g) of the Code].

"*Term of the Purchase Contract*" shall mean the time during which the Purchase Contract is in effect, as provided in Section 4.2 of the Purchase Contract.

"*Treasurer*" shall mean the Treasurer of the Board or such other person as may at the time be acting chief fiscal officer of the Board, or his or her designee as set forth in a certificate filed with the Trustee.

"*Trust Estate*" is defined in the Granting Clauses of this Indenture.

"*Trustee*" shall mean U.S. Bank National Association, or any assignee thereof pursuant hereto.

"*Trustee Representative*" shall mean any Vice-President or Trust Officer or any other person authorized to act on behalf of the Trustee under or with respect to this Indenture and the Purchase Contract as evidenced by the By-laws of the Trustee conferring such authorization adopted by the Trustee.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution of this Indenture by the officers and persons signing it.

Section 1.03. Interpretation. (a) Any reference herein to the Trustee or the Board or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein, but defined in the Purchase Contract shall have the same meaning herein, and in the event of a conflict, the terms of this Indenture shall control.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. (a) The Trustee is hereby authorized and directed upon written request from the Board to prepare, execute and deliver to the purchasers thereof, Certificates in an aggregate principal amount of $[Amount] evidencing proportionate ownership interests in the Installment Payments and the Prepayments.

(b) The Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Installment Payments and secured by a lien and charge upon the Improvements.

Section 2.02. Date. Each Certificate shall bear the dated date of the Closing Date, and shall also bear the date of its execution, and interest with respect thereto shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed prior to April 1, 2010, in which event interest with respect thereto shall be payable from the Closing Date; (ii) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution; or (iii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; *provided, however,* that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest with respect to such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates, unless it is executed after a Special Record Date and before the following Special Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled Interest Payment Date next preceding such date of execution.

In the event there are insufficient funds available on any Interest Payment Date to pay the interest then due on the Certificates, the Regular Record Date shall no longer be applicable with respect to the Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than 10 days prior to the Special Record Date nor more than 30 days prior to the Special Interest Payment Date. Such overdue interest shall be paid on the Special Interest Payment Date to the Owners of the Certificates as of the Special Record Date.

Section 2.03. Maturity; Interest Rates.

(a) The Certificates shall be in the denomination of $5,000 or any integral multiple thereof and shall mature on April 1 of each of the years and in the amounts and bearing interest per annum as follows:

YEAR	AMOUNT	INTEREST RATE

Section 2.04. Form of Certificates. The Certificates shall be in global book-entry form or in fully registered form without coupons, as provided in Section 2.13 and Article VI hereof.

Section 2.05. Payment of Interest. Interest with respect to the Certificates shall be payable on April 1, 2010, and thereafter semiannually on October 1 and April 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Installment Payments designated as interest and coming due during the period preceding each Interest Payment Date with respect to the Certificates. The proportionate share of the portion of Installment Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Installment Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Certificate shall be the proper officer of the Trustee although at the nominal date of such Certificate such person shall not have been such officer of the Trustee.

Section 2.07. Application of Proceeds. The net proceeds received by the Trustee from the sale of the Certificates, consisting of the principal amount of the Certificates, less purchaser's discount (or plus premium), [and the cost of the payment by the original purchaser of the premium of the Certificate Insurer,] shall forthwith be transferred to the Board to be held in the Acquisition Fund.

Section 2.08. Registration, Transfer and Exchange of Certificates. (a) All Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the Certificates.

(b) Each Certificate shall be transferable only upon the registration books maintained by the Trustee, by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new Certificates, of the same aggregate principal amount and maturity as the surrendered Certificate.

(c) Any Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Certificates with the same maturity of any other authorized denominations.

(d) All Certificates surrendered in any exchange or transfer of Certificates shall forthwith be cancelled by the Trustee and destroyed in accordance with the customary procedures of the Trustee.

(e) In connection with any such exchange or transfer of Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(f) The Trustee may but shall not be obligated to exchange or register the transfer of any Certificate (i) which has been called or selected for call for redemption or (ii) during a period of 15 days preceding the giving of a notice of redemption. If the transfer of any Certificate which has been called or selected for call for redemption is registered, any notice of redemption which has been given to the transferor shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the Certificate or Certificates.

Section 2.09. Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and delivered, in exchange for such mutilated Certificate or in lieu of such destroyed, lost or stolen Certificate, a new Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen Certificate has become, or will on or before the next Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such Certificate when due instead of delivering a new Certificate.

Section 2.10. Payment. Payment of interest due with respect to any Certificate on any Interest Payment Date or any Special Interest Payment Date shall be made to the person appearing on the Certificate Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special Interest Payment Date, such interest to be paid by check or draft mailed to such Owner at his address as it appears on such Certificate Register or at such other address as he may have filed with the Trustee for that purpose. The principal due with respect to any Certificate shall be payable when due upon surrender thereof at the designated corporate trust office of the Trustee. Principal and premium, if any, and interest with respect to a Certificate held by an owner of at least $1,000,000 in aggregate principal amount of Certificates may also be paid by wire transfer to a bank in the continental United States designated in writing by such owner on or prior to the Regular Record Date or, if applicable, the Special Record Date for such payments. Payment shall be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of his holding the same shall be proved by the registration books maintained pursuant to Section 2.12 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.12. Certificate Register. The Trustee will keep or cause to be kept, at its designated corporate trust office, sufficient books (the *"Certificate Register"*) for the registration and transfer of the Certificates which shall at all times be open to inspection by the Board and the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said books, Certificates as hereinbefore provided.

Section 2.13. Global Book Entry. The Certificates initially will be issued in the form of a separate single fully registered Certificate for each of the maturities of the Certificates as herein provided, and the ownership of each such Certificate shall be registered in the Certificate Register in the name of Cede & Co., or any successor thereto (*"Cede"*), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (*"DTC"*). All of the outstanding Certificates shall be registered in the Certificate Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Board shall execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement, or any blanket letter previously in effect with respect to the Board and DTC being referred to herein as the *"Representation Letter"*).

With respect to Certificates registered in the Certificate Register in the name of Cede, as nominee of DTC, the Board and the Trustee shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Certificates from time to time as securities depositary (each such broker-dealer, bank or other financial institution being referred to herein as a *"DTC Participant"*) or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Board and the Trustee shall have no responsibility or obligation with respect to

(i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register, of any amount with respect to principal of or interest on the Certificates. The Board and the Trustee may treat and consider the person in whose name each Certificate is registered in the Certificate Register as the holder and absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of giving notices of any matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Certificates only to or upon the order of the respective registered owners of the Certificates, as shown in the Certificate Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a registered owner of a Certificate as shown in the Certificate Register, shall receive a Certificate evidencing the obligation of the Board to make payments of principal and interest with respect to any Certificate. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered owners of Certificates at the close of business on the first day of the month in which the applicable interest payment date occurs, the name "Cede" in this Indenture shall refer to such new nominee of DTC.

In the event that (i) the Board determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement evidenced by the Representation Letter shall be terminated for any reason or (iii) the Board determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Board shall notify DTC and DTC Participants of the availability through DTC of certificated Certificates and the Certificates shall no longer be restricted to being registered in the Certificate Register in the name of Cede, as nominee of DTC. At that time, the Board may determine that the Certificates shall be registered in the name of and deposited with such other depository operating a universal book-entry system as may be acceptable to the Board, or such depository's agent or designee, and if the Board does not select such alternate universal book-entry system, then the Certificates may be registered in whatever name or names registered owners of Certificates transferring or exchanging Certificates shall designate in accordance with the provisions hereof.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Certificate is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE III

ACQUISITION FUND

Section 3.01. Acquisition Fund. The Board shall establish a special trust fund with a depository authorized to hold such funds of the Board, designated as the *"Acquisition Fund"*; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein and in the Purchase Contract. There shall be deposited in the Acquisition Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 2.07 hereof.

Section 3.02. Disbursements. (a) The moneys in the Acquisition Fund shall be disbursed by the Board from the account designated by the Treasurer to pay the Acquisition Costs and the Delivery Costs.

(b) If an Event of Default shall have occurred and be continuing, an Event of Nonappropriation shall have occurred, or the Purchase Contract shall have been terminated pursuant to the provisions of Section 4.2 of the Purchase Contract, the moneys in the Acquisition Fund shall be paid by the Board to the Trustee and applied as set forth in Section 12.03.

(c) Immediately after completion of the Improvements, any moneys remaining in the Acquisition Fund shall be deposited into the Installment Payment Fund and used as required by the Tax Certificate.

ARTICLE IV

REDEMPTION OF CERTIFICATES

Section 4.01. Redemption upon Event of Nonappropriation and Termination of Purchase Contract. The Certificates are subject to redemption, in whole, at the price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, on any date on which the Purchase Contract is terminated by the Board because (i) an Event of Nonappropriation has occurred, (ii) the Board has determined that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current fiscal year, and (iii) the Board has exercised its option, pursuant to Article IX of the Purchase Contract, to prepay the Certificates by the deposit of funds in the Installment Payment Fund sufficient, together with the amounts therein, to redeem such Certificates on such termination date at a price equal to the principal amount thereof plus accrued interest to the redemption date. The Purchase Contract and the Board's obligation to pay Installment Payments and Additional Payments thereunder are subject to termination 60 days after the Board certifies to the Trustee that the events described in clauses (i) and (ii) of this paragraph have occurred.

Section 4.02. Optional Redemption. The Certificates are callable on any date on or after October 1, 2019, at the price of the principal amount thereof, plus accrued interest to the date fixed for redemption, in whole or in part, and if in part, by lot. Such redemption shall be at the direction of the Board, upon at least 35 days' prior written notice from the Board to the Trustee.

Section 4.03. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the Certificates so called for redemption shall cease to accrue, such Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.04. Notice of Redemption. The Trustee shall give notice of each redemption by mailing a copy of such notice, first class United States mail, postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to all Owners of the Certificates which are to be redeemed at their last addresses appearing upon the Certificate Register. The notice shall identify the Certificates to be redeemed and shall state (1) the redemption date, (2) the redemption price, (3) that the Certificates called for redemption must be surrendered to collect the redemption price, (4) the address at which the Certificates must be surrendered and (5) that interest on the Certificates called for redemption ceases to accrue on the redemption date.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of, and interest on the Certificates to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If deposited, such moneys shall be held uninvested or, at the direction of the Board Representative, shall be invested in United States Government Securities which mature on such date or dates as necessary to provide funds on a timely basis for such redemption. If such moneys are not received by the redemption date, such notice shall be of no force and effect, the Trustee shall not redeem such Certificates, the redemption price shall not be due and payable and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Certificates will not be redeemed.

Failure to give any required notice of redemption or any defect in any notice given as to any particular Certificates shall not affect the sufficiency or validity of the call for redemption of any Certificates in respect of which no such failure or defect has occurred. Any notice mailed as provided in the Certificates shall be conclusively presumed to have been given, whether or not actually received by the addressee Owner.

Section 4.05. Partial Redemption. Any partial redemption of Certificates shall be made only in authorized denominations. The portion of Certificates to be redeemed shall be selected by lot by the Trustee from among all Outstanding Certificates (or, so long as the Book-Entry System is in effect, beneficial ownership interests in the Certificates shall be selected for redemption in accordance with the rules and procedures established by the Securities

Depository). Each Certificate shall be considered separate Certificates in the minimum authorized denominations for purposes of selecting Certificates to be redeemed.

ARTICLE V

INSTALLMENT PAYMENTS; ADDITIONAL PAYMENTS; INSTALLMENT PAYMENT FUND

Section 5.01. Rights in Purchase Contract. The Trustee has established this trust to receive certain of its rights and duties in the Purchase Contract, including but not limited to all of its rights to receive and collect all of the Installment Payments, the Prepayments, the Additional Payments and all other amounts required to be deposited in the Installment Payment Fund pursuant to the Purchase Contract or pursuant hereto.

Section 5.02. Establishment of Installment Payment Fund. The Trustee shall establish a special fund designated as the *"Installment Payment Fund."*

All moneys at any time deposited in the Installment Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the Board nor the Trustee shall have any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in this Indenture, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Installment Payment Fund all Installment Payments, Additional Payments and Prepayments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to Section 4.4 or Article IX of the Purchase Contract and any other moneys required to be deposited therein pursuant to the Purchase Contract or pursuant to this Indenture.

Section 5.04. Application of Moneys. All amounts in the Installment Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof.

Section 5.05. Surplus. Any surplus remaining in the Installment Payment Fund, after redemption or payment of all Certificates by the Board, including accrued interest (if any) and payment of any applicable fees to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Board.

[*Section 5.06. Payments under the Certificate Insurance Policy*. As long as the Certificate Insurance Policy shall be in full force and effect, the Board and the Trustee agree to comply with the following provisions:]

[to be supplied]

ARTICLE VI

FORM OF THE CERTIFICATES

The global book entry form of the Certificates and the assignment to appear thereon shall be in substantially the following form:

(FORM OF FACE OF CERTIFICATE OF PARTICIPATION)

CERTIFICATE OF PARTICIPATION

(ENERGY CONSERVATION PROJECTS), SERIES 2009A

EVIDENCING A PROPORTIONATE INTEREST OF THE OWNER
HEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY THE BOARD OF
TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

to

U.S. BANK NATIONAL ASSOCIATION, as Trustee

No: $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
	April 1, 20__	[Date], 2009	________

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation (the *"Certificate"*) is the owner of an undivided proportionate interest in the right to receive certain Installment Payments, Additional Payments and Prepayments thereof under and defined in that certain Installment Purchase Contract (the *"Purchase Contract"*) dated as of [Date]1, 2009, by and between U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the *"Trustee"*) and the Board of Trustees of Eastern Illinois University, a body corporate and politic of the State of Illinois (the *"Board"*), which Installment Payments, Additional Payments and Prepayments and certain other rights and interests under the Purchase Contract have been granted for the benefit of the Registered Owners under the Indenture of Trust (the *"Indenture"*), dated as of [Date]1, 2009, between the Board and the Trustee.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Purchase Contract, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Installment Payments designated as principal coming due during the preceding 12 months, and to receive on April 1, 2010, and semiannually thereafter on October 1 and April 1 of each year (the *"Payment Dates"*) until payment in full of said portion of principal, the Registered Owner's proportionate share of the Installment Payments designated as interest coming due during the period immediately preceding each of the Payment Dates; *provided* that interest with respect hereto shall be payable from the Payment Date next preceding the date of execution of this Certificate. If, as of the date of execution hereof, interest is in default with respect to any Certificates of the issue of which this is one, interest hereon shall be payable from the Payment Date to which interest has previously been paid or made available for payment, unless this Certificate is executed after a Special Record Date and before the following Special Interest Payment Date, in which event interest shall be payable from the scheduled Payment Date next preceding such date of execution. Said proportionate share of the portion of the Installment Payments designated as interest is the result of the multiplication of the aforesaid portion of the Installment Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Installment Payments designated as interest are payable in lawful money of the United States of America by check or draft mailed by the Trustee to the Registered Owner at the close of business on the fifteenth day of the month next preceding the Payment Date, whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Installment Payments designated as interest shall be made on Special Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. Said amounts representing the Registered Owner's share of the Installment Payments designated as principal are payable when due upon surrender of this Certificate at the designated corporate trust office of the Trustee.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of the Indenture. The Board is authorized to enter into the Purchase Contract and the Indenture under the laws of the State of Illinois, including the Acts. Reference is hereby made to the Purchase Contract and the Indenture (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms of which the Certificates are delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Board under the Purchase Contract, to all of the provisions of which Purchase Contract and Indenture the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

THE OBLIGATION OF THE BOARD TO MAKE INSTALLMENT PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE BOARD OR THE STATE OF ILLINOIS WITHIN THE MEANING OR ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE INSTALLMENT PAYMENTS REQUIRED UNDER THE CERTIFICATES INCURRED BY THE BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE STATE OF ILLINOIS AND ARE NOT

REQUIRED TO BE REPAID AND MAY NOT BE REPAID, DIRECTLY OR INDIRECTLY, FROM TAX REVENUE.

The term of the Purchase Contract is from the date thereof until April 1, 2036, unless terminated prior thereto in accordance with the provisions of the Purchase Contract. The continuation of the Purchase Contract and the obligation of the Board to make Installment Payments is subject to and dependent upon a portion of the moneys necessary to make such payments being lawfully appropriated to the Board by the State Legislature. The Purchase Contract shall terminate effective on the 60th day following the certification by the Board to the Trustee that the General Assembly of the State of Illinois has made a determination not to appropriate requested funds for the fiscal year necessary to make that portion of the Installment Payments coming due during the then-current Fiscal Year to be paid from State-appropriated funds and the Board has determined that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current Fiscal Year. The Board has an option to terminate the Purchase Contract on and after October 1, 2019 as provided in the Purchase Contract.

Neither the Trustee nor the Registered Owner hereof shall have any right under any circumstances to declare any Installment Payment not then past due or in default to be immediately due and payable.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended by the parties thereto with the written consent of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Board and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Board and the Trustee shall not be affected by any notice to the contrary.

The Certificates are subject to optional and mandatory redemption prior to maturity as provided in the Indenture.

Notice of redemption shall be mailed not less than 30 days nor more than 60 days prior to the date set for redemption to each Registered Owner of a Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any Certificate shall not affect the validity of the proceedings for the redemption of any other Certificate for which proper notice was given. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Indenture provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Indenture.

Date of Execution: ______________________

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ____________________________________
Authorized Officer

Attest:

By ____________________________________
Authorized Officer

(FORM OF ASSIGNMENT)

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM- as tenants in common

TEN ENT- as tenants by the entireties

JT TEN- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-
__________ Custodian __________
(Cust) (Minor)

under Uniform Gifts to Minors

Act______________________________
(State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

____

(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ______________________ ____

Signature Guaranteed:

____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered certificate in every particular without alteration or enlargement or any change whatsoever. Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("*STAMP*"), the Stock Exchange Medallion Program ("*SEMP*") or the New York Stock Exchange, Inc. Medallion Signature Program ("*MSP*")

[STATEMENT OF INSURANCE]

[to be supplied]

ARTICLE VII

MONEYS IN FUNDS; INVESTMENT

Section 7.01. Held in Trust. The moneys and investments held by the Trustee and the Board under this Indenture (other than those held in the Rebate Fund) are irrevocably held in trust for the benefit of the Owners of the Certificates, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee, the Board or any Owner of Certificates.

Section 7.02. Investments Authorized. (a) Moneys in all funds and accounts held by the Trustee shall be invested and reinvested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible in Permitted Investments as directed, in writing or by telephonic or other reasonable means, promptly confirmed in writing by the Board Representative or as selected by the Trustee in the absence of direction by the Board; *provided* that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. In the event no such instructions are received by the Trustee, such amounts shall be invested in money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating at the time of purchase by Standard & Poor's Ratings Services of AAAm-G, AAAm, or AAm and if rated by Moody's Investors Services, rated Aaa, Aa1 or Aa2.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, *provided* that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

(c) The Trustee may make any investment permitted by this Section, through or with its own bond department or trust investment department, or its parent's or affiliate's bond department or trust investment department, unless otherwise directed by the Board Representative.

(d) The Trustee shall sell at the best price reasonably obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

(e) In lieu of written direction from a Board Representative pursuant to subparagraph (a) above, the Board Representative may direct the Trustee to accept trade tickets or other trade advice from an investment advisor designated in writing by a Board Representative. Upon receipt of such a written direction from a Board Representative, such trade tickets or other trade advice shall constitute full authority for the Trustee to settle trades made on behalf of the Board by such investment advisor for the benefit of any fund or account held by the Trustee under this Indenture. The Trustee shall have no liability for any loss, expense or liability incurred by the Board or the Owners of the Certificates as a result of any such investment made in accordance with the provisions of this Section 7.02(e). The designation of an investment advisor pursuant to this subparagraph (e) shall remain in effect until revoked in a writing delivered by the Board to the Trustee.

(f) The Trustee may conclusively rely upon investment instructions from a Board Representative, or an investment advisor designated by a Board Representative pursuant to subparagraph (e) above, as to the suitability and legality of such investments.

(g) Moneys in the Acquisition Fund held by the Board shall be invested by the Board in Permitted Investments; *provided* that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Acquisition Fund will be required for the purposes thereof.

(h) Although the Board recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Board hereby agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 7.03. Investment Earnings. Any earnings on the investment of moneys in the Installment Payment Fund shall be retained in the Installment Payment Fund as a credit against the Installment Payments or Additional Payments next due and owing by the Board. Investment earnings on moneys in the Acquisition Fund shall be retained therein until the Improvements have been acquired, constructed and equipped, and any surplus therein at that time shall be used as provided in Section 3.02(c) hereof.

Section 7.04. Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from the making of any investment made in accordance with the provisions hereof, except for its own negligence, willful misconduct or breach of trust.

Section 7.05. Tax Certificate; Creation of Rebate Fund. (a) [The Board hereby covenants not to take any action that would cause interest on the Certificates to become includable in the gross income of the holders thereof for federal income tax purposes.] The Board hereby agrees to comply with all representations, covenants and assurances contained in the Tax Certificate, which the Board Representative is hereby authorized to execute upon the delivery of the Certificates. [The covenants contained in the Tax Certificate shall constitute a part of the Board's contract with the Owners of the Certificates.]

(b) The foregoing provisions of this Section 7.05 notwithstanding, (i) the Rebate Fund shall not be considered a part of the Trust Estate created hereunder and (ii) the Trustee or the Board shall be permitted to transfer moneys on deposit in any of the trust funds established under this Indenture to the Rebate Fund in accordance with the provisions of the Tax Certificate. The Board shall hold moneys delivered or held in the Rebate Fund as a fund separate from any other fund or account established hereunder, and shall apply such moneys only in accordance with the provisions of the Tax Certificate.

(c) The Board will create and establish the "Rebate Fund," which shall be administered in accordance with the provisions of this Section 7.05 and the Tax Certificate.

Section 7.06. Arbitrage Covenant. The Board and the Trustee (but only to the extent that the Trustee exercises investment discretion) jointly and severally covenant and certify to each other and to and for the benefit of the Owners of the Certificates from time to time Outstanding that so long as any of the Certificates remain Outstanding, moneys on deposit in any fund or account in connection with or relating to either the Purchase Contract or the Certificates, whether or not such moneys were derived from the proceeds of sale of the Certificates or from any other sources, including payments of Installment Payments under the Purchase Contract, will not be used in a manner which will cause either the Purchase Contract or the Certificates to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code. Pursuant to such covenant, the Board and the Trustee (but only to the extent that the Trustee exercises investment discretion) obligate themselves to comply throughout the term of the Purchase Contract with the requirements of Section 148 of the Code and any regulations promulgated thereunder. The Board and the Trustee (to the extent the Trustee has any control thereof) hereby agree to comply with the terms and provisions of the Tax Certificate delivered on the Closing Date, including but not limited to the restrictions on yield provided for therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, the Purchase Contract and the Acquisition Agreement (collectively referred to herein as the "*Agreements*"), and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture and the Agreements; but in the case of any such certificates or opinions which are required by any provision hereof or thereof the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture or the Agreements.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and the Agreements including those described in (a) above, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Trustee shall not be liable for any error of judgment made in good faith and without negligence by a chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Owners of the Outstanding Certificates as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture or the Agreements; and

(iv) Except as otherwise provided herein or therein, no provision of this Indenture or the Agreements shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the Board for all reasonable costs, expenses, attorneys' and other fees, and all other reasonable disbursements, including its own fees, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.02. Certain Rights of Trustee. Except as otherwise provided in Section 8.01 hereof:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Board mentioned herein shall be sufficiently evidenced by a certificate of a Board Representative, and any action of the governing board of the Board may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Board to have been duly adopted by the Board and to be in full force and effect on the date of such certification and delivered to the Trustee.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of a Board Representative.

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder or under the Agreements in good faith and in reliance thereon.

(e) Except in connection with [requesting payment under the Certificate Insurance Policy or] actions under Section 12.02, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Certificate Owners pursuant to this Indenture, unless such Certificate Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(g) The Trustee may engage agents and attorneys to assist it in executing any of the trusts or powers hereunder or performing any duties hereunder.

(h) The Trustee shall be protected in acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of independent counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Certificate, shall be conclusive and binding upon all future owners of the same Certificate and upon Certificates issued in exchange therefor or in place thereof.

(i) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(j) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder (except failure by the Board to cause to be made any of the payments to the Trustee required to be made by Article IV of the Purchase Contract) unless the Trustee shall be specifically notified in writing of such default by the Board or by the owners of at least 25% in aggregate principal amount of all Certificates then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

[(k) In situations where a Favorable Opinion of Special Counsel or an opinion of Special Counsel is required or requested to be delivered hereunder or under the Purchase Contract after the date of delivery of the Certificates, the Trustee shall accept (unless otherwise directed by the Board) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.]

Section 8.03. Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Trustee), as it reasonably may deem necessary to assist it to carry out any of its obligations hereunder, and shall be reimbursed by the Board for all reasonable expenses and charges in so doing.

Section 8.04. Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as herein provided, to see that any duties and obligations herein or in the applicable Agreements imposed upon the Board are performed.

Section 8.05. Right to Deal in Certificates and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Certificates with like effect as if it were not such Trustee and may commence or join in any action which a Owner is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Board or any Owner. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby, constitute a breach of trust on the part of the Trustee, but neither shall engaging in such business abrogate, alter or diminish any duty or obligation of the Trustee as Trustee hereunder.

Section 8.06. Removal and Resignation of the Trustee. The Trustee may resign at any time, or may be removed at any time by an instrument or instruments in writing signed by the Owners of not less than a majority in principal amount of Certificates then Outstanding or, if no Event of Default has occurred and is continuing, by the Board. Written notice of such resignation or removal shall be given by the Trustee to the Board and no termination, resignation or removal of the Trustee shall take effect until the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Trustee or the Board may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Board shall be entitled to appoint a successor Trustee, unless an Event of Default has occurred and is continuing.

If the Owners of a majority in principal amount of Certificates then Outstanding object to the successor Trustee so appointed by the Board and if such Owners designate another person qualified to act as the Trustee, the Board shall then appoint as the Trustee the person so designated by the Owners.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, in good standing in the State, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than $75,000,000.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, power and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than ten days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Owner of a Certificate.

Any banking association or corporation into which the Trustee may be merged, converted or with which the Trustee may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Trustee shall be transferred, shall succeed to all the Trustee's right, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided that such entity meets the requirements of a successor Trustee set forth in the fourth paragraph of this Section.

Section 8.07. Proof of Claim. The Trustee shall have the right and power to take actions in the name and place of the Board or Owners to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Owners.

Section 8.08. Trustee's Fees and Expenses. The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it hereunder and under the Agreements (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture and the Agreements (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and, to the extent permitted by law, to be indemnified for and held harmless against any loss, liability or expense incurred without negligence or bad faith or willful misconduct or breach of trust on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder[; *provided, however,* that the Trustee shall not be liable for any such amounts so payable and that the Trustee shall not be entitled to receive payments, prior to the Owners of the Certificates, from moneys derived from the Certificate Insurance Policy]. The Trustee's rights to compensation, reimbursement and indemnity while serving as Trustee hereunder shall survive resignation or removal of the Trustee or discharge of the Indenture or the Agreements.

Any provision hereof to the contrary notwithstanding, if the Board fails to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties or for which the Trustee is entitled to indemnity, the Trustee may reimburse itself from any surplus moneys on hand in any fund or account created pursuant hereto, *provided* that application of funds upon an Event of Default shall be governed by Section 12.03 hereof.

Section 8.09. Intervention by Trustee. The Trustee may intervene on behalf of the Owners, and shall intervene if requested to do so by an instrument or instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding, in any judicial proceeding to which the Board is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Owners of the Certificates. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 8.01 hereof before it takes action hereunder.

Section 8.10. Reports. The Trustee shall quarterly, or at such other intervals as the Trustee and the Board shall from time to time agree upon (but in no event more frequently than monthly), prepare and submit to the Board reports covering all moneys received and all payments, expenditures and investments made as the Trustee hereunder since the last previous such report.

Section 8.11. *Separate or Co-Trustee*. At any time or times, solely for the purpose of meeting any legal requirements of any jurisdiction other than Illinois, the Board and the Trustee shall have power to appoint, and, upon the request of the Trustee or of the Owners of at least a majority in aggregate principal amount of Certificates then Outstanding, the Board shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons, approved by the Trustee and, unless an Event of Default has occurred and is continuing, the Board, either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the pledged property, or to act as separate trustee or separate trustees of all or any part of the pledged property, and to vest in such person or persons, in such capacity, such title to the pledged property or any part thereof, and such rights, powers, duties, trusts or obligations as the Board and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Board shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Board shall execute, acknowledge and deliver all such instruments as may reasonably be required by any such co-trustee or separate trustee for more fully and certainly vesting in such co-trustee or separate trustee the property, rights, powers and duties intended to be vested in such co-trustee or separate trustee. The Board shall be under no obligation to prepare any such instruments.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Certificates shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations hereby conferred upon the trustee in respect to the custody, control and management of moneys, papers, securities and other personal property shall be exercised solely by the trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee and such co-trustee or separate trustee shall abide by such request.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee may at any time, by any instrument in writing, with the concurrence of the Board, accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Board. Upon the request of the Trustee, the Board shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. The Board shall be under no obligation to prepare, record or file any such instruments or agreements.

(f) No Trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder, nor will the act or omission of any Trustee hereunder be imputed to any other Trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) with such title to the pledged property or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee, its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the pledged property, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.12. Recitals and Representations. The recitals, statements and representations contained herein, or in any Certificate (excluding the Trustee's execution of the Certificates or any recitals or representations concerning the Trustee or its powers) shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Certificates, or the validity or sufficiency of insurance to be provided or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Trustee of written notice of a default or an Event of Default from the Board or any Owner.

ARTICLE IX

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 9.01. *Amendments Permitted.* This Indenture and the rights and obligations of the Owners of the Certificates and the Purchase Contract and the rights and obligations of the parties thereto and the Acquisition Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 9.03 hereof, shall have been filed with the Trustee. Unless approved in writing by the Owners of all the Certificates affected thereby, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, or premium if any, or interest on, any Outstanding Certificate, or a reduction in the principal amount or redemption price of any Outstanding Certificate or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the trust estate ranking prior to or on a parity with the claim, lien or pledge created by this Indenture, or (iii) a reduction in the aggregate principal amount of Certificates the consent of the Owners of which is required for any such supplemental agreement.

This Indenture and the rights and obligations of the Owners of the Certificates, and the Purchase Contract and the Acquisition Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture;

(b) to add to the covenants and agreements of the Board contained in this Indenture or of the Trustee contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Certificates, or to surrender any right or power reserved or conferred upon the Board or the Trustee, which in the judgment of the Trustee is not materially adverse to the Owners of the Certificates;

(c) to confirm as further assurance, any ownership, pledge of or lien on the trust assets or any other moneys, securities or funds subject or to be subjected to this Indenture;

(d) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended, if applicable to this Indenture;

(e) to modify, alter, amend or supplement this Indenture, the Purchase Contract or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Certificates;

(f) to provide for a new Securities Depository to accept Certificates;

(g) to modify or eliminate the Book-Entry System for any of the Certificates;

(h) to secure or maintain ratings on the Certificates from Moody's [and/or S&P];

(i) to provide for the appointment of a successor Trustee; [and]

[(j) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the interest component payable on the Certificates from the federal gross income of the Owners thereof.]

Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

No amendment shall be effective unless the Trustee shall have received a Favorable Opinion of Special Counsel with respect to such amendment.

Notwithstanding the foregoing, amendments to Exhibit B to the Purchase Contract for the purposes described in Section 3.6 or Section 5.4(b) of the Purchase Contract may be made solely at the direction of the Board Representative.

Section 9.02. Procedure for Amendment with Written Consent of Certificate Owners. In the event the consent of the Owners of the Certificates to an amendment to the Purchase Contract, the Acquisition Agreement or this Indenture is required pursuant to Section 9.01 hereof, a copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class United States mail, postage prepaid, by the Trustee to each Owner of a Certificate at his address as set forth on the Certificate registration books maintained pursuant to Section 2.12 hereof, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section provided. Solicitation of consents with respect to any such amendment may be made in a manner consistent with the procedures of DTC while the Certificates are in book-entry form.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 9.03 hereof). The consent of an Owner of a Certificate shall be effective only if ownership of the Certificates for which such consent is given is proved in accordance with Section 2.11 hereof. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof).

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice.

Section 9.03. Disqualified Certificates. Certificates owned or held by or for the account of the Board or by any person directly or indirectly controlled by, or under direct or indirect common control with the Board (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Indenture, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Indenture, unless all Outstanding Certificates are so held by the Board.

The Trustee may require each Certificate Owner, before his consent provided for in this Article IX shall be deemed effective, to certify that the Certificates as to which such consent is given are not disqualified as provided in this Section 9.03.

Section 9.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article IX, this Indenture, the Purchase Contract or the Acquisition Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Indenture, the Purchase Contract or the Acquisition Agreement, as the case may be, for any and all purposes.

ARTICLE X

COVENANTS; NOTICES

Section 10.01. Compliance with and Enforcement of Purchase Contract. The Board and the Trustee each covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Purchase Contract and the Acquisition Agreement.

The Board will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Purchase Contract by the Trustee thereunder.

Section 10.02. Observance of Laws and Regulations. The Board will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Board, including its right to exist as a body corporate under the laws of the State, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.03. Prosecution and Defense of Suits. The Board shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Improvements, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 10.04. Filing. The Board shall file all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 10.05. Payments Due on Non-Business Days. If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

Section 10.06. Further Assurances. The Trustee and the Board will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and the Purchase Contract, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 10.07. Action upon Termination of Purchase Contract. In the event the Purchase Contract is terminated pursuant to Section 4.2 (b) of the Purchase Contract and the Board does not exercise its option to purchase all of the Improvements as set forth in Article IX of the Purchase Contract, or in the event the Purchase Contract is terminated pursuant to Section 8.2(b) thereof, the Trustee agrees, to the extent permitted by law, to take immediate title to and possession of the Improvements and to use its best efforts to re-let or sell the Improvements. This covenant shall be enforceable by the Trustee and the Owners, subject to the requirements of Article XII hereof.

Section 10.08. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Board, the Trustee and the Certificate Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Trustee and the Certificate Owners.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.01. Limited Liability of Board. Except for the payment of Installment Payments, Additional Payments and Prepayments when due in accordance with the Purchase Contract and the performance of the other covenants and agreements of the Board contained herein and in said Purchase Contract, the Board shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Indenture or the terms, execution, delivery or transfer of the Certificates, or the distribution of Installment Payments to the Owners by the Trustee. THE OBLIGATION OF THE BOARD TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE BOARD OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE STATE AND ARE NOT REQUIRED TO BE REPAID AND MAY NOT BE REPAID, DIRECTLY OR INDIRECTLY, FROM TAX REVENUE.

No recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on any of the Certificates or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture or the Purchase Contract against any past, present or future trustee, officer, agent or employee of the Board, as such, either directly or through the Board or any successor of the Board, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such trustee, officer, agent or employee as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the Purchase Contract and the issuance of the Certificates.

Section 11.02. No Liability of the Board for Trustee Performance. The Board shall have no obligation or liability to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Indenture.

Section 11.03. Limitation of Rights to Parties and Certificate Owners. Nothing in this Indenture or in the Certificates expressed or implied is intended or shall be construed to give any person other than the Board, the Trustee, [the Certificate Insurer] and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the Board, the Trustee, [the Certificate Insurer] and the Owners.

Section 11.04. No Liability of the Trustee for Payment of Installment Payments by Board. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the Board when due, or with respect to the performance by the Board of any other covenant made by it in the Purchase Contract.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 12.01. Remedies. Upon the occurrence of an Event of Default, the Trustee may and shall, at the direction of the Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding, by written notice to the Board, exercise any and all remedies available at law or granted pursuant to the Purchase Contract including declaring the principal portion of the Installment Payments to be immediately due and payable, whereupon that portion of the principal portion of the Installment Payments thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or the Certificates to the contrary notwithstanding.

Section 12.02. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee may, or upon the written request of the Owners of not less than 25% in aggregate principal amount of the Certificates then Outstanding and upon being indemnified to its satisfaction therefor shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, the foreclosure of any lien granted herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 12.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XII or Article VIII of the Purchase Contract shall be applied by the Trustee in the following order, upon presentation of the

Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

> *First*, to the payment of the costs and expenses of the Trustee and of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;
>
> *Second*, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and, to the extent lawful, installments of interest at the rate borne by the related Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.
>
> *Third*, to the payment of amounts, if any, payable pursuant to the Tax Certificate;
>
> [*Fourth*, to repay the Certificate Insurer for any amounts paid under the Certificate Insurance Policy.]

Section 12.04. *Non-waiver*. Nothing in this Article XII or in any other provision of this Indenture or in the Certificates shall affect or impair the obligation of the Board, which is absolute and unconditional, to pay or prepay the Installment Payments as provided in the Purchase Contract, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 12.05. *Remedies Not Exclusive*. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 12.06. *Power of Trustee to Control Proceedings*. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of not less than 25% in aggregate principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 12.07. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of not less than 25% in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Defeasance. If and when all Outstanding Certificates shall be paid and discharged [(other than through payments from the Certificate Insurer)] in any one or more of the following ways then, at the election of the Board, and notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Trustee and the Board under this Indenture with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of the Certificates not so surrendered and paid all sums due thereon, without further payment of interest or earnings thereon:

(a) By well and truly paying or causing to be paid the principal of and interest with respect to all Certificates Outstanding, as and when the same become due and payable;

(b) By depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Installment Payment Fund, is fully sufficient to pay all Certificates Outstanding, including all principal thereof and interest and premium, if any thereon; or

(c) By irrevocably depositing with the Trustee, in trust, direct, non-callable obligations of the United States of America consisting of United States Treasury bills, certificates, notes and bonds (including State and Local Government Series), and non-callable zero coupon United States Treasury bonds in such amount as an independent certified public accountant shall certify and determine will, together with the interest to accrue thereon, the beginning cash deposit and amounts then on deposit in the Installment Payment Fund, together with the interest to accrue thereon, be fully sufficient, without reinvestment, to pay and discharge all Certificates (including all principal and interest) at or before their respective maturity dates, as provided in Section 9.1 of the Purchase Contract.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) through (c) of this Section, which are not required for the payment to be made to Owners, shall be paid over to the Board.

Any Certificate or portion thereof in authorized denominations may be paid and discharged as provided in this Section; *provided, however*, that if any such Certificate or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions hereof or the Board shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Certificate or portion thereof will not mature or be redeemed within 60 days of the deposit referred to in paragraphs (b) through (c) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

If the Board makes the advance deposit required by Section 9.1 of the Purchase Contract, or prepays the Installment Payments in full pursuant to Section 9.2 of the Purchase Contract, or pays all Installment Payments during the term of the Purchase Contract as the same become due and payable, any right, title and interest of the Trustee in and to each element of the Improvements shall be transferred to and vested in the Board. The Trustee agrees to take any and all steps and execute and record any and all documents reasonably required by the Board to evidence the termination of any right, title and interest of the Trustee in the Improvements.

Section 13.02. Notices. All written notices to be given under this Indenture shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (i) upon deposit in the United States mail, postage prepaid (ii) upon deposit with an overnight courier, (iii) upon the sending of a facsimile communication, or, in the case of personal delivery, upon delivery to the address set forth below:

If to the Board:

Treasurer
Eastern Illinois University
600 Lincoln Avenue
Charleston, Illinois 61920
Facsimile: (217) 581-3290
Telephone: (217) 581-2921

[If to the Certificate Insurer:]

If to the Trustee:

U.S. Bank National Association
209 South LaSalle Street, Suite 300
Chicago, Illinois 60604
Attention: Corporate Trust Administration, Vernita Anderson
Facsimile: (312) 325-8973
Telephone: (312) 325-8773

Section 13.03. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

Section 13.04. Binding Effect; Successors. This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Indenture either the Trustee or the Board is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Trustee or the Board shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.05. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 13.06. Destruction of Cancelled Certificates. Whenever in this Indenture provision is made for the surrender to or cancellation by the Trustee and the delivery to the Board of any Certificates, the Trustee may, upon the request of the Board Representative, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the Board.

Section 13.07. *Waiver of Notice*. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.08. *Separability of Invalid Provisions*. In case any one or more of the provisions contained in this Indenture or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 13.09. *Filing; Bills of Sale*. The Trustee shall be responsible for the filing of any continuation statements as may be required by law in order to continue the effectiveness of any U.C.C. filing made upon the initial execution and delivery of the Certificates and for filing any supplemental instruments or continuation statements which it is advised in an Opinion of Counsel are required in order to continue the perfection of any security interest created by this Indenture and shall hold all financing documents, bills of sale, and transfer same, as required by the provisions of this Indenture.

IN WITNESS WHEREOF, the parties have executed this Indenture as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By ______________________________
Authorized Officer

(SEAL)

Attest

By ______________________________
Authorized Officer

BOARD OF TRUSTEES OF EASTERN
ILLINOIS UNIVERSITY

(SEAL)

By ______________________________
Treasurer

Attest

By ______________________________
Secretary

INSTALLMENT PURCHASE CONTRACT

by and between

U.S. BANK NATIONAL ASSOCIATION

and

BOARD OF TRUSTEES
OF EASTERN ILLINOIS UNIVERSITY

Dated as of [Date] 1, 2009

INSTALLMENT PURCHASE CONTRACT

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(This Table of Contents is not a part of the Installment Purchase Contract
and is only for convenience of reference.)

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INSTALLMENT PURCHASE CONTRACT

THIS INSTALLMENT PURCHASE CONTRACT (the *"Purchase Contract"*), dated as of [Date] 1, 2009, by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the *"Trustee"*), and the BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY, a body corporate and politic of the State of Illinois (the *"Board"*);

W I T N E S S E T H:

WHEREAS, pursuant to the Acquisition Agreement (as defined herein) the Trustee has agreed to cause the acquisition, construction and equipping of, or improvements to, certain real and personal property described in *Exhibit B* hereto (the *"Improvements"*); and

WHEREAS, the Trustee has proposed to sell such Improvements to the Board, and the Board is authorized pursuant to the laws of the State, including but not limited to the Eastern Illinois University Law, 110 ILCS 665/10-1 *et seq.* and the State University Certificates of Participation Act, ____ ILCS ____ (collectively, the *"Acts"*), to enter into purchase contracts for such purposes:

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the capitalized terms used but not defined in this Purchase Contract shall have the meanings specified in the Indenture of Trust dated as of [Date] 1, 2009, by and between the Trustee and the Board.

Section 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Purchase Contract:

Exhibit A: The schedule of Installment Payments to be paid by the Board hereunder with respect to the Improvements, showing each Installment Payment Date and the amount of each Installment Payment.

Exhibit B: The description of the Improvements.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Board. The Board represents, covenants and warrants to the Trustee as follows:

(a) *Authorization.* The Constitution and the Acts authorize the Board to enter into this Purchase Contract, the Acquisition Agreement and the Indenture and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, and the Board has duly authorized and executed all of the aforesaid agreements.

(b) *No Violations.* Neither the execution and delivery of this Purchase Contract, the Acquisition Agreement or the Indenture, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Board is now a party or by which the Board or any of its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Board, or upon the Improvements, except Permitted Encumbrances.

(c) *Execution and Delivery.* The Board has duly authorized, executed and delivered this Purchase Contract in accordance with the laws of the State and upon such execution and delivery this Purchase Contract will be a valid and binding agreement of the Board pursuant to its provisions.

(d) *Budget Requests.* For each fiscal year of the State during the term of this Purchase Contract the Board will include in its annual budget request for Eastern Illinois University to the legislature of the State during each appropriation period a request for an appropriation for the University sufficient to make that portion of the Installment Payments and Additional Payments due and payable during the next occurring fiscal year of the State to be paid from State-appropriated funds. The Board covenants to include in each annual operating budget for Eastern Illinois University an amount of Legally Available Nonappropriated Funds which, when combined with State appropriated funds, will be sufficient to make the Installment Payments and Additional Payments when due in each fiscal year.

(e) *Additional Debt.* The Board shall incur no obligations secured by a lien or payment priority on the Board's appropriation superior to the rights of the Owners of the Certificates.

(f) *No Impairment.* The Board agrees that once a final appropriation by the State of funds necessary to make Installment Payments and Additional Payments for each fiscal year has been made by the State, the Board will not take any actions which would impair its ability to make Installment Payments and Additional Payments under this Purchase Contract from such appropriations during such fiscal year and shall make such payments to the Trustee as set forth in Section 4.4 hereof.

Section 2.2. Representations, Covenants and Warranties of the Trustee. The Trustee represents, covenants and warrants to the Board as follows:

(a) *Due Organization and Existence*. The Trustee is a banking association duly organized and existing under the laws of the United States of America and is qualified to do business in the State; has power to enter into this Purchase Contract, the Acquisition Agreement and the Indenture; is possessed of full power to own, hold, acquire, construct, improve and equip the Improvements, and to lease and sell the same; and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) *No Encumbrances*. The Trustee will not pledge the Installment Payments or other amounts derived from the Improvements and from its other rights under this Purchase Contract, and will not transfer or encumber its interest in the Improvements, except as provided under the terms of this Purchase Contract and the Indenture.

(c) *No Violations*. To the best knowledge of the officers and employees of the Trustee immediately responsible for discharging the Trustee's responsibilities under this Purchase Contract, neither the execution and delivery of this Purchase Contract, the Acquisition Agreement, or the Indenture, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee or any of its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Trustee, or upon the Improvements, except Permitted Encumbrances.

(d) *No Assignments*. Except as provided herein, the Trustee will not assign this Purchase Contract, its right to receive Installment Payments from the Board, or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) *Disclaimer*. The Board acknowledges that the Improvements being purchased hereby are simultaneously being acquired by the Trustee at the Board's request pursuant to the Acquisition Agreement specifically for the purpose of selling the Improvements back to the Board pursuant to the terms hereof; the Improvements will be purchased on the basis of specifications and requirements furnished by the Board; and the Trustee has not held itself out as having knowledge or skill particular to the Improvements or made any affirmations of fact regarding the Improvements.

Section 2.3. Special Arbitrage Covenants. The Trustee, but only to the extent it exercises investment discretion, and the Board jointly and severally certify and covenant to each other and to and for the benefit of the purchasers and owners of the Certificates from time to time Outstanding that so long as any of the Certificates remain unpaid, (a) moneys on deposit in any fund or account in connection with or relating to either this Purchase Contract or the Certificates, whether or not such moneys were derived from the proceeds of sale of the Certificates or from any other sources, including payments of Installment Payments hereunder, will not be used in a manner that will cause either this Purchase Contract or the Certificates to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code and any regulations promulgated or proposed thereunder, as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised and (b) the Trustee (to the extent it exercises investment discretion) and the Board will execute, and comply with the covenants and conditions of, the Tax Certificate, except as may be otherwise permitted pursuant to Section 7.06 of the Indenture.

ARTICLE III

DEPOSIT OF MONEYS; ACQUISITION OF THE IMPROVEMENTS

Section 3.1. Deposit of Moneys. On the Closing Date, the Trustee will transfer the net proceeds of the sale of the Certificates to the Board for deposit into the Acquisition Fund to pay Acquisition Costs and Delivery Costs.

Section 3.2. Acquisition of the Improvements. (a) The Trustee shall undertake the Improvements in accordance with the applicable Improvements Documents to the extent and only to the extent that the Board discharges the Trustee's responsibilities under this Section 3.2. The Board hereby agrees to cause the Improvements to be acquired, constructed and equipped solely as the Trustee's agent hereunder and will undertake the Improvements in accordance with the applicable Improvements Documents. Each Improvement Contract has been or shall be awarded by the Board to a Contractor authorized to do business with the Board, and such Improvement Contract shall be awarded after such public bidding and following such procedures as may be required by the applicable laws relating to the awarding of contracts of a similar nature by the Board.

(b) The Board, as agent of the Trustee for such purpose, agrees to acquire, construct and equip the Improvements in accordance with the construction and acquisition schedule prepared therefor as the same may be revised from time to time.

(c) If an Event of Default shall occur prior to the delivery of the Completion Certificate required under Section 4.3 hereof, the moneys remaining in the Acquisition Fund shall be disbursed by the Board to the Trustee and be used as provided in the Indenture.

Section 3.3. Licenses for Improvements. In consideration of the Trustee's agreement to undertake the Improvements in accordance with, and subject to the terms, conditions and limitations hereof, the Board hereby grants to the Trustee an irrevocable license (which shall be considered as coupled with an interest) to enter onto the sites of the Improvements (the *"Sites"*) for the purposes of (a) acquiring, constructing and equipping the Improvements on the Sites and (b) ingress and egress to and from the Sites in connection with the acquisition, construction and equipping of the Improvements. The license granted hereby shall be subject to (i) all liens and encumbrances affecting the Sites from time to time, whether now existing or hereafter arising and (ii) the Board's absolute right to use and enjoyment with respect to the Sites, subject only to the terms, conditions and limitations of this Purchase Contract.

Section 3.4. Right to Inspect Improvements Documents. The Board shall have and keep on file and available for inspection by the Trustee copies of the Improvements Documents (except Improvements Documents that are in the possession of the Trustee), throughout the Term of this Purchase Contract, or as soon after the commencement of the Term of this Purchase Contract as such Improvements Documents shall become available to the Board. Neither the Improvements Documents nor any changes or amendments thereto shall (a) cause the Improvements to be used for any purpose prohibited by this Purchase Contract or by the Constitution and laws of the State or (b) adversely affect the ability of the Board to meet its obligations hereunder.

Section 3.5. Financing the Improvements; Amendment of Exhibit B. For the purpose of paying Acquisition Costs and Delivery Costs, the Board hereby directs the Trustee (which direction the Trustee hereby accepts) to execute and deliver the Certificates pursuant to the Indenture and to deposit the proceeds from the sale thereof as provided in Section 3.1 hereof. The description of the Improvements in *Exhibit B* may be supplemented or amended at any time by resolution of the Board upon receipt of a Favorable Opinion of Special Counsel with respect to such supplement or amendment.

Section 3.6. Disbursements from the Acquisition Fund. The Trustee has, in the Indenture, authorized the Board to make payments from the Acquisition Fund to pay Acquisition Costs and Delivery Costs.

Section 3.7. Unexpended Proceeds. All excess moneys remaining in the Acquisition Fund and not required for payment of Delivery Costs and Acquisition Costs shall be used as described in Section 3.02(c) of the Indenture.

ARTICLE IV

AGREEMENTS TO SELL AND ACQUIRE; TERMINATION OF THIS PURCHASE CONTRACT; INSTALLMENT PAYMENTS; ADDITIONAL PAYMENTS; TITLE TO THE IMPROVEMENTS

Section 4.1. Sale and Acquisition. The Trustee hereby sells the Improvements to the Board, and the Board hereby acquires the Improvements from the Trustee, upon the terms and conditions set forth in this Purchase Contract.

Section 4.2. Term of Agreement; Termination; Renewal. (a) The Term of this Purchase Contract shall commence on the date hereof, and continue until April 1, 2036, unless terminated pursuant to Sections 4.2(b), 4.2(c) or 4.2(d) hereof (the *"Expiration Date"*). If the Indenture shall be discharged by its terms prior to the Expiration Date, the Term of this Purchase Contract shall thereupon end.

(b) This Purchase Contract and the Board's obligations to pay Installment Payments and Additional Payments hereunder shall be subject to termination 60 days after the Board certifies to the Trustee that (i) the General Assembly of the State has made a determination not to appropriate requested funds necessary to make that portion of the Installment Payments due during the then current fiscal year to be paid from State-appropriated funds (an *"Event of Nonappropriation"*) and (ii) the Board has determined that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then current fiscal year.

(c) The Board is granted the option to terminate this Purchase Contract on any date on or after October 1, 2019. In order to exercise such option to terminate this Purchase Contract, the Board shall give written notice to the Trustee, not less than 60 days prior to the date of termination, that is exercising its option to terminate this Purchase Contract. If the Board exercises such option to terminate this Purchase Contract, Installment Payments due after the termination date are subject to prepayment in whole on the date of termination as set forth in Section 9.3(a) hereof.

(d) Failure of the Board to provide for the payments to the Trustee required by Section 4.4 hereof may terminate all of the Board's right, title and interest in this Purchase Contract and to all of the Improvements as provided in Section 8.2 hereof.

Section 4.3. Possession. Following the acquisition, construction and equipping of the Improvements by the Trustee, the Board agrees to take possession of the Improvements and deliver a written certificate of possession and acceptance of such Improvements (the *"Completion Certificate"*) to the Trustee within 30 days after the acquisition, construction and equipping of all of the Improvements has been completed.

Section 4.4. Installment Payments.

(a) *Obligation to Pay*. Subject to the provisions of Section 4.2 and Article IX hereof, the Board agrees to pay to the Trustee, its successors and assigns, as payment for the purchase price of the Improvements, the total Installment Payments in each fiscal year (denominated into components of principal and interest) for the Improvements in the respective amounts specified in *Exhibit A*. No later than the business day before April 1 and October 1 of each fiscal year, the Board shall deposit with the Trustee from the appropriations made to the Board, the full amount of funds necessary, when combined with Legally Available Nonappropriated Funds, to make all Installment Payments coming due on such dates. Any amount held in the Installment Payment Fund on any Installment Payment Date (other than amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment) shall be credited towards the Installment Payments then due and payable; and no Installment Payments need be made on any Installment Payment Date if the amounts then held in the Installment Payment Fund on such date are at least equal to the Installment Payments then required to be paid. The Board's obligation to make Installment Payments hereunder shall not be subject to the Board's acceptance, use or occupancy of the Improvements.

(b) *Effect of Prepayment*. In the event that the Board prepays all remaining Installment Payments in full pursuant to Article IX hereof, the Board's obligations under this Purchase Contract shall thereupon cease and terminate, including but not limited to the Board's obligation to pay Installment Payments under this Section.

(c) *Rate on Overdue Payments*. In the event the Board should fail to make any of the payments required in this Section 4.4, the payment in default shall continue as an obligation of the Board until the amount in default shall have been fully paid, and the Board agrees to pay the same with interest thereon at the rate borne by the related Certificates, to the extent permitted by law, from the date of default to the date of payment.

(d) *Fair Purchase Value*. The Installment Payments for Improvements for each payment period during the term of this Purchase Contract shall constitute the total payment for such Improvements for such payment period, and shall be paid by the Board in each payment period for the continued quiet use and enjoyment of such Improvements during each such period for which said payment is to be paid. The parties hereto have agreed and determined that the total Installment Payments for the Improvements represent the fair purchase value of such Improvements. In making such determination, consideration has been given to the appraised value of such Improvements, other obligations of the parties under this Purchase Contract, the uses and purposes which may be served by the Improvements and the Acquisition Costs and the benefits therefrom which will accrue to the Board and the general public.

(e) *Establishment of Trust*. The Board understands and agrees that all interest of the Trustee in and to the Improvements and the Installment Payments have been granted in trust, pursuant to the Indenture, for the benefit of the Owners of the Certificates, and the Board hereby assents to the establishment of such trust. The Board hereby agrees to pay to the Trustee at the Trustee's designated corporate trust operations office, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Board pursuant to this Section 4.4 and all amounts payable by the Board pursuant to Article IX hereof.

Section 4.5. Quiet Enjoyment. During the Term of this Purchase Contract, and subject to the completion of the acquisition, construction and equipping of the Improvements as evidenced by the delivery to the Trustee from the Board of the Completion Certificate required under Section 4.3 hereof, the Trustee shall provide the Board with quiet use and enjoyment of the Improvements, and the Board shall during such Term peaceably and quietly have and hold and enjoy the Improvements, without suit, trouble or hindrance from the Trustee, except as expressly set forth in this Purchase Contract. The Trustee will, at the request of the Board and at the Board's cost, join in any legal action in which the Board asserts its right to such possession and enjoyment to the extent the Trustee may lawfully do so. Notwithstanding the foregoing, the Trustee shall have the right to inspect the Improvements as provided in Section 6.2 hereof.

Section 4.6. *Title*. During the Term of this Purchase Contract, the Board shall hold title to the Improvements and any and all additions which comprise fixtures, repairs, replacements or modifications thereof. Upon the delivery of this Purchase Contract, title to the Improvements then in existence will automatically vest in the Board without action by the Trustee, and title to all Improvements acquired after the delivery of this Purchase Contract shall automatically vest in the Board upon their acquisition by the Trustee, without action by the Trustee.

Section 4.7. *Additional Payments*. In addition to the Installment Payments, the Board shall pay when due as Additional Payments all costs and expenses incurred by the Trustee to comply with the provisions of the Indenture, including without limitation all costs and expenses of auditors, engineers, accountants and legal counsel, if necessary, but excluding Delivery Costs (which shall be paid by the Board from moneys deposited in the Acquisition Fund), and any amounts advanced by the Trustee under Sections 5.5 and 5.7 hereof.

Section 4.8. *Limitation on Liability*. THE BOARD'S OBLIGATION TO MAKE INSTALLMENT PAYMENTS UNDER THIS PURCHASE CONTRACT DOES NOT CONSTITUTE A DEBT OF THE BOARD OR THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE INSTALLMENT PAYMENTS REQUIRED UNDER THIS PURCHASE CONTRACT INCURRED BY THE BOARD ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE STATE AND ARE NOT REQUIRED TO BE REPAID AND MAY NOT BE REPAID, DIRECTLY OR INDIRECTLY, FROM TAX REVENUE.

ARTICLE V

OPERATION; MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. *Operation, Maintenance, Utilities, Taxes and Assessments*. Throughout the Term of this Purchase Contract, as part of the consideration for the purchase of the Improvements, all operation, improvement, repair and maintenance of the Improvements shall be the responsibility of the Board, and the Board shall pay for or otherwise arrange for the payment of all utility services supplied to the Improvements, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the operation of the Improvements and the repair and replacement of the Improvements resulting from ordinary wear and tear or want of care on the part of the Board or any assignee or lessee thereof. In exchange for the Installment Payments herein provided, the Trustee agrees to provide only the Improvements, as hereinbefore more specifically set forth.

The Board shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Trustee or the Board affecting the Improvements or the respective interests or estates therein; *provided* that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Board shall be obligated to pay only such installments as are required to be paid during the Term of this Purchase Contract as and when the same become due.

The Board or any lessee may, at the Board's or such lessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom and shall provide the Trustee with full security against any loss or forfeiture which might arise from such contest and any appeal therefrom, unless the Trustee shall notify the Board or such lessee that, in the opinion of counsel, by nonpayment of any such items, the interest of the Trustee in the Improvements will be materially endangered or the Improvements or any part thereof will be subject to loss or forfeiture, in which event the Board or such lessee shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment, in form satisfactory to the Trustee.

Section 5.2. Modification of Improvements. The Board and any lessee shall, at their own expense, have the right to remodel any Improvements or to make additions, modifications and improvements to the Improvements. All such additions, modifications and improvements shall thereafter comprise part of the Improvements and be subject to the provisions of this Purchase Contract. Such additions, modifications and improvements shall not in any way damage any Improvements or cause them to be used for purposes other than those authorized under the provisions of State and federal law; and the Improvements, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall be of a value which is not substantially less than the value of such Improvements immediately prior to the making of such additions, modifications and improvements. The Board will not permit any mechanic's or other lien to be established or remain against the Improvements for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Board or any lessee or assignee pursuant to this Section; *provided* that if any such lien is established and the Board shall first notify or cause to be notified the Trustee of the Board's or any lessee's intention to do so, the Board or any lessee may in good faith contest any lien filed or established against the Improvements, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Trustee with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Trustee. The Trustee will cooperate fully in any such contest, upon the request and at the expense of the Board or such lessee.

Section 5.3. General Liability, Property and Casualty Insurance. The Board shall maintain or cause to be maintained, throughout the Term of this Purchase Contract, a program of liability, property and casualty insurance and/or self-insurance as authorized under the laws of the State to assume such risks, and of such types and in such amounts as are customary for similar institutions carrying on similar activities. Such liability, property and casualty insurance may be maintained with respect to the Improvements as part of or in conjunction with any other liability, property and casualty insurance coverage carried or required to be carried by the Board. All policies with respect to the Improvements shall name the Trustee as an additional insured. A certificate of the Treasurer evidencing compliance with this Section shall be delivered to the Trustee upon issuance of the Certificates and annually thereafter upon request of the Trustee.

Section 5.4. Damage or Destruction of Improvements. Upon any damage to or destruction of any portion of the Improvements the original cost of which, in the aggregate, exceeds $250,000, the Board shall take one of the following actions, in the sole discretion of the Board Representative:

(a) restore, repair or replace such damaged or destroyed Improvements to their original condition;

(b) amend *Exhibit B* hereto to add additional Improvements having at least the same original cost as such damaged or destroyed Improvements; or

(c) secure the payment of the portion of Installment Payments relating to such damaged or destroyed Improvements by a deposit with the Trustee pursuant to Section 9.1 hereof of an amount which, upon investment together with investment earnings, will be sufficient to pay a portion of the unpaid Installment Payments, including the principal and interest components thereof. Such portion of the principal component of the unpaid Installment Payments in each year shall be determined by the Board Representative by multiplying the amount of the principal component of the unpaid Installment Payments due in each year by the ratio of (i) the original cost of such damaged or destroyed Improvements paid from the proceeds of the Certificates to (ii) all Acquisition Costs, rounded up to the nearest $5000 of principal amount in each year.

Section 5.5. Advances. If the Board shall fail to perform any of its obligations under this Article the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the Board shall be obligated to repay as an Additional Payment all such advances as soon as possible, with interest at the rate of 3% per annum from the date of the advance to the date of repayment in accordance with the State Prompt Payment Act.

Section 5.6. Installation of Board's Equipment. The Board and any lessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Improvements. All such items shall remain the sole property of the Board, in which the Trustee shall not have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Improvements resulting from the installation, modification or removal of any such items. Nothing in this Purchase Contract shall prevent the Board and any lessee from purchasing or leasing items to be installed pursuant to this Section under a lease or conditional sale agreement, or subject to a Trustee's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Improvements.

Section 5.7. Liens. The Board shall not, directly or indirectly, create, incur, assume or suffer to exist any pledge, lien, charge, encumbrance or claim on or with respect to the Improvements, other than the respective rights of the Trustee and the Board as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the Board shall promptly, at its own expense, take such action as may be necessary to duly discharge, contest or remove any such pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The Board shall reimburse the Trustee for any expense incurred by it in order to discharge or remove any such pledge, lien, charge, encumbrance or claim.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE BOARD OF THE IMPROVEMENTS OR ANY ITEM THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE IMPROVEMENTS OR ANY ITEM THEREOF. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, IN CONNECTION WITH OR ARISING OUT OF THIS PURCHASE CONTRACT, THE ACQUISITION AGREEMENT, OR THE INDENTURE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR BOARD'S USE OF THE IMPROVEMENTS.

Section 6.2. Access to the Improvements. The Board agrees that the Trustee and any Trustee Representative, and the Trustee's successors or assigns, shall have the right at all reasonable times to examine and inspect the Improvements. The Board further agrees that the Trustee, any such Representative, and the Trustee's successors or assigns shall have such rights of access to the Improvements as may be reasonably necessary to cause the proper maintenance of the Improvements in the event of failure by the Board to perform its obligations hereunder.

ARTICLE VII

ASSIGNMENT, LEASING AND AMENDMENT

Section 7.1. Assignment and Leasing by the Board. This Purchase Contract may not be assigned by the Board. Except for leases by the Board for occasional, de minimus use that is permitted under the terms of the Tax Certificate, the Improvements may be leased in whole or in part by the Board only with the written consent of the Trustee, and subject to all of the following conditions:

(i) This Purchase Contract and the obligation of the Board to make Installment Payments and Additional Payments hereunder shall remain obligations of the Board;

(ii) The Board shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Trustee, a true and complete copy of such lease;

(iii) No such lease by the Board shall cause any of the Improvements to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) The Board shall furnish the Trustee with a Favorable Opinion of Special Counsel with respect to any such lease.

Section 7.2. Amendment of This Purchase Contract. Neither the Trustee nor the Board will alter, modify or cancel, or agree or consent to alter, modify or cancel this Purchase Contract, excepting only such alteration or modification as may be permitted by Article IX of the Indenture or amendments to *Exhibit B* contemplated by Section 3.5 or Section 5.4(b) hereof.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be "events of default" under this Purchase Contract and the terms "events of default" and "default" shall mean, whenever they are used in this Purchase Contract, with respect to the Improvements, any one or more of the following events:

(i) Failure by the Board to pay any Installment Payment or other payment required to be paid hereunder, including, without limitation, any mandatory prepayment required pursuant to Section 9.3 hereof at the time specified herein.

(ii) Failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Indenture or this Purchase Contract, other than as referred to in clause (i) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Board by the Trustee or the Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee or such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by the Board of a voluntary petition in bankruptcy, or failure by the Board promptly to lift any execution, garnishment or attachment, or adjudication of the Board as a bankrupt, or assignment by the Board for the benefit of creditors, or the entry by the Board into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Board in any proceedings instituted under the provisions of the federal bankruptcy statute, as amended, or under any similar acts which may hereafter be enacted.

Section 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have happened and be continuing, it shall be lawful for the Trustee to exercise any and all remedies available pursuant to law or granted pursuant to this Purchase Contract, including, but not limited to, the right to sue the Board for any amounts appropriated by the General Assembly of the State for the payment of Installment Payments and Additional

Payments but not paid by the Board to the Trustee. Each and every covenant hereof to be kept and performed by the Board is expressly made a condition and upon the breach thereof the Trustee may, as provided below, to the extent permitted by law, exercise any and all rights of entry and reentry upon the Improvements and also, at its option, with or without such entry, may terminate this Purchase Contract; *provided*, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default:

(a) In the event the Trustee does not elect to terminate this Purchase Contract in the manner hereinafter provided for in subparagraph (b) hereof, the Board hereby irrevocably appoints the Trustee as the agent and attorney-in-fact of the Board to relet its interests in the Improvements in the event of default by the Board in the performance of any covenants herein contained to be performed by the Board and to remove all Improvements consisting of personal property whatsoever situated and to place such property in storage or other suitable place in the State of Illinois, for the account of and at the expense of the Board, and, to the extent permitted by law, the Board hereby exempts and agrees to save harmless the Trustee from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and reletting of the Improvements and the removal and storage of such personal property by the Trustee or its duly authorized agents in accordance with the provisions herein contained. To the extent permitted by law, the Board hereby waives any and all claims for damages caused or which may be caused by the Trustee in taking possession of the Improvements as herein provided and all claims for damages that may result from the destruction of or injury to the Improvements and all claims for damages to or loss of any personal property belonging to the Board that may be in, upon or connected to the Improvements. The Board agrees that the terms of this Purchase Contract constitute full and sufficient notice of the right of the Trustee to sell or lease the Improvements without effecting a surrender of this Purchase Contract, and further agrees that no acts of the Trustee in effecting such sale or lease shall constitute a surrender or termination of this Purchase Contract irrespective of the term for which such sale or lease is made or the terms and conditions of such sale or lease, or otherwise, but that, on the contrary, in the event of such default by the Board the right to terminate this Purchase Contract shall vest in the Trustee to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof.

(b) Upon the occurrence of an event of default hereunder, the Trustee at its option may terminate this Purchase Contract and lease or sell all or any portion of its interests in the Improvements. Any amounts received by the Trustee from such leasing or sale shall be credited towards the Board's unpaid Installment Payments and Additional Payments. Any net proceeds of sale, lease or other disposition of the Improvements shall be deposited in the Installment Payment Fund and applied to Installment Payments in order of payment date. Neither notice to pay Installment Payments or Additional Payments due or to deliver up title to and possession of the Improvements given pursuant to law nor any proceeding in unlawful detainer taken by the Trustee shall of itself operate to terminate this Purchase Contract and no termination of this Purchase Contract on account of default by the Board shall be or become effective by operation of law, or otherwise, unless and until the Trustee shall have given written notice to the Board of the election on the part of the Trustee to terminate this Purchase Contract. The Board covenants and agrees that no surrender of the Improvements or any termination of this Purchase Contract shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Trustee by such written notice. Additionally, to the extent permitted by law, the Board hereby exempts and agrees to save harmless the Trustee from any costs, loss or damage whatsoever arising or occasioned by any removal of the personal property of the Board by the Trustee or the duly authorized agents thereof in accordance with the provisions contained in this Purchase Contract.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Purchase Contract or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Purchase Contract should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Purchase Contract should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6. Application of Proceeds. All proceeds received from the sale, release or other disposition of the Improvements under this Article VIII (after payment therefrom of all expenses incurred in the collection thereof), and all other amounts derived by the Trustee as a result of an event of default hereunder, shall be deposited in the Installment Payment Fund to be applied as provided in the Indenture.

Section 8.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Trustee under this Article VIII have been granted in trust under the Indenture, to which the Board hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Indenture.

ARTICLE IX

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Purchase Contract, the Board may on any date secure the payment of all or any portion of Installment Payments by a deposit with the Trustee of: (i) an amount which is sufficient to pay all or any portion of unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment Schedule set forth in *Exhibit A* or (ii) direct non-callable obligations of the United States of America, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay all or any portion of unpaid Installment Payments on their respective Installment Payment Dates, as the Board shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section sufficient to pay, or provide for the payment of, all unpaid Installment Payments, all obligations of the Board under this Purchase Contract, and all security provided by this Purchase Contract for said obligations, shall cease and terminate, excepting only the obligations of the Board to make, or cause to be made, Installment Payments from the deposit made by the Board pursuant to this Section. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Purchase Contract.

Section 9.2. Purchase Option. On or after an Event of Nonappropriation and a determination by the Board that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current fiscal year, the Board may, or upon the termination of this Purchase Contract pursuant to Section 4.2(c) hereof, the Board shall exercise its option to purchase all of the Improvements pursuant to Section 9.3 hereof by paying the Prepayment price of principal and accrued interest on all of the Certificates to the date that this Purchase Contract is to be terminated. Such Prepayment shall be deposited by the Trustee in the Installment Payment Fund to be applied to the redemption of the Certificates pursuant to Section 4.01 or Section 4.02 of the Indenture. The Board shall give the Trustee notice of its intention to exercise its option not less than 60 days in advance of the date of exercise.

Section 9.3. Prepayments. The Installment Payments are subject to prepayment by the Board as follows:

(a) the Installment Payments due after October 1, 2019, are subject to optional prepayment by the Board in whole or in part, as provided in Section 4.02 of the Indenture; and

(b) the Installment Payments are subject to prepayment by the Board in whole on any date on which this Purchase Contract is terminated by the Board because of an Event of Nonappropriation and a determination by the Board that there are not sufficient Legally Available Nonappropriated Funds to pay the portion of the Installment Payments coming due during the then-current fiscal year, and the Board has exercised its option to make such prepayment as provided in Section 4.01 of the Indenture.

Section 9.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Installment Payments in full under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Installment Payment Fund or the Acquisition Fund not needed for the acquisition of the Improvements shall be credited as set forth in the Tax Certificate.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received either (i) upon deposit in the United States mail postage prepaid (ii) upon deposit with an overnight courier or (iii) upon the sending of a facsimile communication:

If to the Board:

Treasurer
Eastern Illinois University
600 Lincoln Avenue
Charleston, Illinois 61920
Facsimile: (217) 581-3290
Telephone: (217) 581-2921

If to the Trustee:

U.S. Bank National Association
209 South LaSalle Street, Suite 300
Chicago, Illinois 60604
Attention: Corporate Trust Administration, Vernita Anderson
Facsimile: (312) 325-8973
Telephone: (312) 325-8773

[If to the Certificate Insurer:]

[to be supplied]

The Trustee, the Board [and the Certificate Insurer], by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2. Binding Effect. This Purchase Contract shall inure to the benefit of and shall be binding upon the Trustee and the Board and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Installment Sale. This Purchase Contract shall be deemed and construed to be a "net-net-net installment sale" and the Board hereby agrees that the Installment Payments shall be an absolute net return to the Trustee, free and clear of any expenses, charges or set-offs whatsoever, irrespective of any defense or any right of recoupment or counterclaim which the Board may have against the Trustee.

Section 10.5. Further Assurances and Corrective Instruments. The Trustee and the Board agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Improvements hereby acquired or intended so to be for carrying out the expressed intention of this Purchase Contract.

Section 10.6. Amendments. This Purchase Contract may be supplemented or amended as permitted by Section 9.01 of the Indenture.

Section 10.7. Execution in Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Purchase Contract shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Trustee and Board Representatives. Whenever under the provisions of this Purchase Contract the approval of the Trustee or the Board is required, or the Trustee or the Board is required to take some action at the request of the other, such approval or such request shall be given for the Trustee by a Trustee Representative and for the Board by a Board Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.10. Captions. The captions or headings in this Purchase Contract are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Purchase Contract.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Trustee has caused this Purchase Contract to be executed in its corporate name by its duly authorized officer; and the Board has caused this Purchase Contract to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

(SEAL)

By____________________________________
Authorized Officer

Attest:

By________________________________
Authorized Officer

BOARD OF TRUSTEES OF EASTERN ILLINOIS UNIVERSITY

(SEAL)

By____________________________________
Treasurer

Attest

By________________________________
Secretary

EXHIBIT A

SCHEDULE OF INSTALLMENT PAYMENTS

The following shows the Installment Payments to be paid pursuant to the Purchase Contract:

PAYMENT DATE	INTEREST ($)	PRINCIPAL ($)	TOTAL ($)

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS

The Improvements consist of a biomass-fueled combined heat and power facility and related improvements and other energy conservation measures.