

FCR 9

Office of the President
June 24, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$52,830,000 OF UNIVERSITY OF KENTUCKY HOUSING AND DINING SYSTEM REVENUE BONDS, SERIES S, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF AN ELEVENTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED JUNE 1, 1965

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of approximately \$52,830,000 of University of Kentucky Housing and Dining System Revenue Bonds, Series S, to be dated the first day of the month in which the Series S Bonds are sold.

The Resolution authorizes the issuance of approximately \$52,830,000 of Series S Bonds for the purpose of financing a "Student Housing Facility," more particularly described as new dormitories with approximately 500 to 700 new beds, to be located at sites as identified in the Phase 1 Housing - 2010 Campus Plan, which is a part of the UK Physical Development Campus Plan, December 2002 (collectively, the "Project"), for housing and dining purposes, all of which are a part of the University's Housing and Dining System.

The Resolution also approves the offering for sale of the Series S Bonds upon the advice of the Financial Advisor, First Kentucky Securities Corporation on a date to be determined by the Treasurer of the University, upon the advice of said Financial Advisor (expected to be later this year). The Resolution further authorizes the acceptance of the bid for the sale of the Series S Bonds by the Treasurer. The exact principal amount of Series S Bonds to be sold will be determined on the date of sale as the amount required to (i) pay the budgeted costs of the Project, (ii) make the required deposit in the debt service reserve fund, and (iii) pay the costs of issuing the Series S Bonds.

Background: The University presently has outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N (Second Series), O, P, Q and R (the "Outstanding Bonds"), all secured by a pledge of the Revenues derived from the operation of the University's Housing and Dining System (the "System") and by a statutory mortgage lien against all of the buildings of the System. The Resolution authorizes the execution of an Eleventh Supplemental Trust Indenture with Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, Bond Registrar, Transfer Agent and Payee Bank, which provides for the execution of an appropriate parity certification establishing that the "coverage" of projected income of the System over debt service will meet the 1.30 test necessary to establish that the Series S Bonds will rank on a parity with the Outstanding Bonds, and the execution of the Certificate of the Director of Physical Plant.

Action taken: Approved Disapproved Other _____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$52,830,000 OF UNIVERSITY OF KENTUCKY HOUSING AND DINING SYSTEM REVENUE BONDS, SERIES S, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF AN ELEVENTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED JUNE 1, 1965.

WHEREAS, the Board has determined that a "Student Housing Facility," more particularly described as new dormitories with approximately 500 to 700 new beds, to be located at sites as identified in the Phase 1 Housing - 2010 Campus Plan, which is a part of the UK Physical Development Campus Plan, December 2002 (collectively, the "Project"), for housing and dining purposes are necessary, all of which are a part of the University's Housing and Dining System established in the Trust Indenture between the Board with the Farmers Bank & Capital Trust Company, dated June 1, 1965 (the "Indenture"); and

WHEREAS, it is appropriate that the Board the Project through the issuance of University of Kentucky Housing and Dining System Revenue Bonds, Series S, to be dated the first day of the month in which the Series S Bonds are sold, in accordance with the right reserved in the Indenture; and

WHEREAS, it is necessary for the Board to enter into an Eleventh Supplemental Trust Indenture in the usual and customary form in order to proceed with the issuance of the Series S Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY, AS FOLLOWS:

Section 1. This Board hereby authorizes the issuance of its "University of Kentucky Housing and Dining System Revenue Bonds, Series S (the "Series S Bonds"), in the approximate principal amount of \$52,830,000, according to statutory authority as set forth in KRS 162.340 to 162.380, inclusive, and in accordance with the terms, provisions, conditions and restrictions set forth in the Indenture, wherein the present Housing and Dining System of the University was created and established, and a certain Eleventh Supplemental Trust Indenture to be dated as of the date of the Series S Bonds (the "Eleventh Supplemental Trust Indenture"); the Series S Bonds to rank on a basis of parity and equality as to security and source of payment with the Board's previously issued and outstanding "Housing and Dining System Revenue Bonds," Series I, K, M, N (Second Series), O, P, Q and R (the "Outstanding Bonds").

Section 2. In order to assure the purchasers of the Series S Bonds that interest thereon will be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation, the Board agrees that (1) the Board will take all actions necessary to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"), (2) the Board will take no actions which will violate any of the provisions of the Code, or that would cause the

Series S Bonds to become "private activity bonds" within the meaning of the code, (3) none of the proceeds of the Series S Bonds will be used for any purpose which would cause the interest on the Series S Bonds to become subject to federal income taxation, and that the Board will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series S Bonds.

The Board has been advised by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, and therefore believes, that the Series S Bonds are not "private activity bonds" within the meaning of the Code, and that interest on the Series S Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

Prior to or at the time of delivery of the Series S Bonds, the Chairman of the Board and/or the Treasurer of the University shall execute the appropriate certifications with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by applicable Treasury Regulations in order to assure that interest on the Series S Bonds will be exempt from all federal income taxes and that the Series S Bonds will not be treated as arbitrage bonds.

Section 3. Compliance With SEC Rule 15c2-12. The Board of Trustees hereby agrees, to comply with the provisions of Rule 15c2-12, as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934. In order to comply with the Rule, a Continuing Disclosure Agreement, to be dated the first day of the month in which the Series S Bonds are sold between the Board and the Trustee is hereby authorized and approved, substantially in the form presented or described to the Board, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Secretary of the Board and the Treasurer and the Controller of the University are each separately authorized to execute and deliver the Continuing Disclosure Agreement.

Section 4. In order to implement the issuance of the Series S Bonds, and to make provision for all details relating to the Series S Bonds, including the date thereof, the disposition thereof, respective conditions and limitations applicable to the public offering thereof, maturities, redemption provisions and security and source of payment thereof, and in order to comply with the requirements of the Indenture, in connection therewith, this Board shall execute the Eleventh Supplemental Trust Indenture with Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee. A proposed form of Eleventh Supplemental Trust Indenture has been prepared in advance by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, with the approval of the Treasurer of the University, and the Financial Advisor, First Kentucky Securities Corporation, Frankfort, Kentucky, in the usual and customary form prescribed in the Indenture, with permissible modifications and corrections which, in the opinion of Bond Counsel and the Treasurer of the University, do not change the import thereof in any material respect. The form of the Eleventh Supplemental Trust Indenture is hereby approved and shall be executed by the Chairman and attested by the Secretary of the Board.

Section 5. Provisions as to Sale of Series S Bonds. The Series S Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Treasurer, upon advice of the Financial Advisor, shall designate.

The Treasurer of the Board is hereby authorized and directed to cause an appropriate form or forms of a Notice of Sale of Bonds to be published in *The Lexington Herald Leader*, a legal newspaper published in the City of Lexington, Kentucky, which will afford local notice of the sale, *The Courier Journal*, a legal newspaper published in the City of Louisville, Kentucky, which will afford statewide notice of the sale, and, to the extent required by law, in *The Bond Buyer*, a financial journal published in the City of New York, New York, which is a publication having general circulation among bond buyers; and said newspapers and financial journal are hereby declared to be qualified to publish such notice for the Board within the meaning and provisions of KRS Chapter 424. Such notice shall be published in said newspapers and financial journal at least once not less than seven nor more than twenty-one days prior to the scheduled date of sale of the Series S Bonds.

The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel, by the Financial Advisors, by the General Counsel of the University and by the Treasurer of the University.

Bidders shall be advised that First Kentucky Securities Corporation, Frankfort, Kentucky, has been employed as Financial Advisor in connection with the issuance of these Series S Bonds, that their fee for services rendered with respect to the sale of the Series S Bonds is contingent upon the issuance and delivery of the Series S Bonds, and that they may submit a bid for the purchase of the Series S Bonds at the time of the advertised public sale of the Series S Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series S Bonds.

Upon the date and at the respective hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids theretofore received by the Treasurer and shall be publicly opened and publicly read by the Treasurer. If there shall be one or more bids which conform in all respects to the prescribed terms and conditions, such bids shall be compared, and the Treasurer, upon the advice of the Financial Advisor, is authorized to accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds. Calculations shall be performed as are necessary to determine the exact amount of Series S Bonds that are required to be issued in order to (i) pay the budgeted costs of the Project, (ii) make the required deposit in the System Debt Service Reserve, as defined in the Indenture, and (iii) pay the costs of issuing the Series S Bonds, and the final principal amount and maturities of the Series S Bonds shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 6. Certificate of Director of Physical Plant. The Board hereby acknowledges and approves the Senior Vice President Administration, Lexington Campus in the form attached hereto.

Dated: June 24, 2003

Chairman

(SEAL)

Attest:

Secretary, Board of Trustees

Re: University of Kentucky Housing and Dining System Revenue Bonds,
Series S

CERTIFICATE WITH REFERENCE TO THE ISSUANCE OF HOUSING AND DINING SYSTEM REVENUE BONDS, SERIES S, CONFORMING TO THE REQUIREMENTS OF SECTION 1101(C) OF ARTICLE XI OF THE TRUST INDENTURE DATED JUNE 1, 1965, BETWEEN THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AND FARMERS BANK & CAPITAL TRUST COMPANY, FRANKFORT, KENTUCKY, AS TRUSTEE, SHOWING COMPLIANCE WITH CONDITIONS FOR ISSUANCE OF PARITY BONDS

The undersigned Senior Vice President Administration, Lexington Campus, of the University of Kentucky, hereby makes the following certification for the purpose of showing compliance by said University with the requirements of Section 1101(c) of ARTICLE XI of the Trust Indenture dated June 1, 1965, made by the Board of Trustees of University of Kentucky with Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee (the "Trust Indenture"), with reference to the issuance of approximately \$52,830,000 of said Board's "Housing and Dining System Revenue Bonds, Series S" in order to qualify the Series S Bonds to rank on a basis of parity and equality as to security and source of payment with the previously issued and outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N (Second Series), O, P, Q and R, inclusive:

In my capacity as the employee of the Board and the University at this time principally charged with responsibility for the maintenance and repair of the housing and dining buildings and appurtenant facilities comprising the presently existing housing and dining facilities of the System, I certify that a physical inspection of said housing and dining buildings and appurtenant facilities of the System has been made, and that the same are in a good and current state of tenantability and repair there being no exceptions or reservations in this connection.

IN TESTIMONY WHEREOF, witness my signature as Senior Vice President Administration, Lexington Campus, this _____ day of _____, 2003.

APPROVED:

Senior Vice President Administration,
Lexington Campus

President, University of Kentucky

Certified to have been submitted to and approved by the Board of Trustees at a meeting held on June 24, 2003.

Chairman, Board of Trustees

CERTIFICATION

I, the undersigned, do hereby certify that I am duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, and as such officer I further certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the members of said Board at a meeting properly held on June 24, 2003, has been duly executed and is now in full force and effect, all as appears in the official records of said Board in my possession and under my control.

I further certify that said meeting held on June 24, 2003, was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or I repealed, and that same is now in full force and effect.

WITNESS my hand this __ day of _____, 2003.

Secretary of the Board of Trustees

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