

FCR 16

Office of the President
May 6, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY
DECLARING OFFICIAL INTENT WITH RESPECT TO REIMBURSEMENT OF TEMPORARY
ADVANCES MADE FOR CAPITAL EXPENDITURES TO BE MADE FROM SUBSEQUENT
BORROWINGS; AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

Recommendation: that the Board of Trustees approve the Resolution expressing its official intent to issue University of Kentucky Housing and Dining System Revenue Bonds, and that the proceeds of such Bonds will be used, in whole or in part, to reimburse authorized expenditures for the proposed projects made prior to the issuance of such Bonds.

The Resolution states that such Bonds will be issued to finance the construction of 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 (the "Project").

Background: The University presently has outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N (Second Series), O, P, Q and R and anticipates issuing Series S for the Project, all secured by a pledge of the Revenues derived from the operation of the University's Housing and Dining System and by a statutory mortgage lien against all of the buildings of the System. The Bonds, which the Board expresses its intent to issue, will rank on a parity with the said outstanding Series of Bonds.

Pursuant to the income tax regulations of the Internal Revenue Service, in order for expenditures made for a public project prior to the issuance of revenue bonds to be reimbursed upon the issuance of such bonds, it is necessary that the issuer express its official intent to issue such bonds or to have such bonds issued on its behalf and to reimburse such expenditures made prior to the issuance of such bonds.

Action taken: Approved Disapproved Other _____

RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY DECLARING OFFICIAL INTENT WITH RESPECT TO REIMBURSEMENT OF TEMPORARY ADVANCES MADE FOR CAPITAL EXPENDITURES TO BE MADE FROM SUBSEQUENT BORROWINGS; AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the "Reimbursement Regulations"), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the "Code") prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of "bonds" under § 150 of the Code ("Obligations") used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed "spent" for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, the University of Kentucky (the "Borrower") wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Trustees of the University of Kentucky as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

"*Allocation*" means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

"*Borrower*" means the University of Kentucky.

"*Capital Expenditures*" means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

"*Declaration of Official Intent*" means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

"*Reimbursement*" means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of

Obligations intended to fund such Capital Expenditures. "To reimburse" means to make such a restoration.

"*Reimbursement Bonds*" means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

"*Reimbursement Regulations*" means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as "spent" for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

(a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements (excluding funding of a debt service reserve, capitalized interest, any maintenance reserve and payment of costs of issuance) of approximately \$46,000,000; and

(b) The Capital Expenditures to be reimbursed are to be used for constructing 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.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

Adopted at a duly convened meeting of the Board of Trustees of the University of Kentucky on the 6th day of May, 2003.

UNIVERSITY OF KENTUCKY

By: _____
Chairman, Board of Trustees

Attest:

By: _____
Secretary

CERTIFICATE

I, the undersigned Secretary of the Board of Trustees of the University of Kentucky, certify that the foregoing is a true and correct copy of a Resolution passed at a duly convened meeting of the Board of Trustees of the University of Kentucky held on the 6th day of May, 2003, at which a quorum was present, and that said Resolution has not been amended, modified, revoked or repealed and is now in full force and effect, all as appears from the official records of the Board of Trustees of the University of Kentucky in my custody and under my control.

Witness my hand as Secretary of the Board of Trustees of the University of Kentucky this 6th day of May, 2003.

Secretary