

FCR 21

Office of the President
September 16, 2003

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF SAID BOARD'S HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), 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 A TWELFTH 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 \$4,240,000 of University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be dated the first day of the month in which the Series M and O (Second Series) Bonds are sold.

The Resolution authorizes the issuance of approximately \$4,240,000 of Series M and O (Second Series) Bonds for the purpose of refinancing the outstanding University of Kentucky Housing and Dining System Revenue Bonds, Series M and Series O, which were originally issued to finance (i) general renovations and improvements to the housing and dining facilities and (ii) renovations to the Cooperstown Apartments and Shawneetown Apartments, respectively, 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 M and O (Second Series) 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 September 25, 2003). The Resolution further authorizes the acceptance of the bid for the sale of the Series M and O (Second Series) Bonds by the Treasurer. The exact principal amount of Series M and O (Second Series) Bonds to be sold will be determined on the date of sale as the amount required to refund the Series M and Series O Bonds; provided that the refunding of each series of bonds may be undertaken separately and independently if conditions prevailing in the municipal bond market are favorable for the refunding of one series and not the other series such that adequate debt service savings would not be realized for one of the series.

Background: The University presently has outstanding Housing and Dining System Revenue Bonds, Series I, K, M, N, O, P, Q, R and S (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 a Twelfth 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 M and O (Second Series) 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 SAID BOARD'S HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), 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 A TWELFTH 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 heretofore issued its "University of Kentucky Housing and Dining System Revenue Bonds, Series M and Series O" (collectively, the "Prior Bonds") for the purpose of financing (i) general renovations and improvements to the housing and dining facilities and (ii) renovations to the Cooperstown Apartments and Shawneetown Apartments, respectively, for housing and dining purposes, 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, the conditions of the municipal bond market are much more favorable at the present time than at the time the Prior Bonds were issued, thereby enabling the University to realize substantial debt service savings by proceeding with the issuance of a series of refunding bonds to refund the Prior Bonds; and

WHEREAS, it is appropriate that the Board refund the Prior Bonds through the issuance of University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series), to be dated the first day of the month in which the Series M and O (Second Series) Bonds are sold, in accordance with the right reserved in the Indenture; and

WHEREAS, it is necessary for the Board to enter into a Twelfth Supplemental Trust Indenture in the usual and customary form in order to proceed with the issuance of the Series M and O (Second Series) Bonds.

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

Section 1. Authorization of Series M and O (Second Series) Bonds. This Board hereby authorizes the issuance of its "University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series) (the "Series M and O (Second Series) Bonds"), in the approximate principal amount of \$4,240,000, 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 Twelfth Supplemental Trust Indenture to be dated as of the date of the Series M and O (Second Series) Bonds (the "Twelfth Supplemental Trust Indenture"); the Series M and O (Second Series) 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 Refunding Revenue Bonds," Series I, K, M, N, O, P, Q, R and S (the "Outstanding Bonds").

Section 2. Tax Covenant. In order to assure the purchasers of the Series M and O (Second Series) 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 M and O (Second Series) Bonds to become "private activity bonds" within the meaning of the code, (3) none of the proceeds of the Series M and O (Second Series) Bonds will be used for any purpose which would cause the interest on the Series M and O (Second Series) 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 M and O (Second Series) Bonds.

The Board has been advised by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, and therefore believes, that the Series M and O (Second Series) Bonds are not "private activity bonds" within the meaning of the Code, and that interest on the Series M and O (Second Series) 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 M and O (Second Series) 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 M and O (Second Series) Bonds will be exempt from all federal income taxes and that the Series M and O (Second Series) 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 M and O (Second Series) 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. Supplemental Trust Indenture; Escrow Agreement. In order to implement the issuance of the Series M and O (Second Series) Bonds, and to make provision for all details relating to the Series M and O (Second Series) 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 Twelfth Supplemental Trust Indenture with Farmers Bank & Capital Trust Company, Frankfort,

Kentucky, as Trustee. A proposed form of Twelfth Supplemental Trust Indenture has been or shall be prepared 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 Twelfth Supplemental Trust Indenture is hereby approved and shall be executed by the Chairman and attested by the Secretary of the Board.

Furthermore, an Escrow Trust Agreement (the "Escrow Agreement") with the Trustee is hereby authorized, in substantially the form presented or described to the Board, which shall provide for the establishment of an escrow fund with the Trustee, or other appropriate escrow trustee, and the investment of the funds held therein to effect the refunding and redemption of the Prior Bonds. 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 Escrow Agreement.

Section 5. Provisions as to Sale of Series M and O (Second Series) Bonds. The Series M and O (Second Series) 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 M and O (Second Series) 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 M and O (Second Series) Bonds, that their fee for services rendered with respect to the sale of the Series M and O (Second Series) Bonds is contingent upon the issuance and delivery of the Series M and O (Second Series) Bonds, and that they may submit a bid for the purchase of the Series M and O (Second Series) Bonds at the time of the advertised public sale of the Series M and O (Second Series) Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series M and O (Second Series) 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 M and O (Second Series) Bonds that are required to be issued in order to (i) refund the Prior Bonds or any portion thereof that is deemed economically feasible at the time of the sale of the Series M and O (Second Series) Bonds and (ii) pay the costs of issuing the Series M and O (Second Series) Bonds, and the final principal amount and maturities of the Series M and O (Second Series) Bonds shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 6. Separate Series Authorized. If, as provided in clause (i) of the last paragraph of Section 5, a portion of the Prior Bonds are not refunded because it would be uneconomical to refund such portion at the time of sale of the Series M and O (Second Series) Bonds, the Treasurer shall be authorized to establish a future date for the refunding of the Prior Bonds not refunded and designate one or more separate series of bonds to be issued for such purpose and to change the series designation for the Series M and O (Second Series) Bonds as may be appropriate to indicate the portion of the Prior Bonds to be refunded, but otherwise in accordance with the terms of this Series M and O (Second Series) Resolution. To that effect, the Treasurer is authorized to designate the title for such bonds, the sale date, the amount, the Prior Bonds to be refunded thereby, the dates and amounts of maturing principal (with a final maturity date that is no later than the final maturity date of the Prior Bonds being refunded) and to make such other determinations, not inconsistent with the intent of this Series M and O (Second Series) Resolution as may be necessary to accomplish such refunding. Furthermore, to the extent necessary, all agreements and documents authorized herein for the Series M and O (Second Series) Bonds shall be authorized with respect to the additional series of bonds, including, but not limited to, a Notice of Bond Sale, an Official Terms and Conditions of Sale of Bonds, a Bid Form, an Official Statement, a Supplemental Trust Indenture, an Escrow Agreement and a Continuing Disclosure Agreement for such series, which agreements and documents shall conform to the requirements of this Series M and O (Second Series) Resolution except to the extent modifications are required for such series.

Section 7. Subscription for SLGS. Authority is given to any partner or associate of Peck, Shaffer & Williams LLP, and any partner or associate of First Kentucky Securities Corporation, and to any one of them, to act on behalf of the Board in signing on behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes or Bonds - State and Local Government Series, to be issued to the Escrow Trustee in connection with the investment of the proceeds of the Series M and O (Second Series) Bonds.

Section 8. Certificate of Director of Physical Plant. The Board hereby acknowledges and approves the Executive Vice President for Finance and Administration, Lexington Campus in the form attached hereto.

Dated: September 16, 2003

Chairman

(SEAL)

Attest:

Secretary, Board of Trustees

Re: University of Kentucky Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series)

CERTIFICATE WITH REFERENCE TO THE ISSUANCE OF HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES M AND O (SECOND SERIES), 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 Executive Vice President for Finance and 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 \$4,240,000 of said Board's "Housing and Dining System Refunding Revenue Bonds, Series M and O (Second Series)" in order to qualify the Series M and O (Second Series) 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, O, P, Q, R and S, 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 Executive Vice President for Finance and Administration, Lexington Campus, this _____ day of _____, 2003.

Executive Vice President for Finance and
Administration, Lexington Campus

APPROVED:

President, University of Kentucky

Certified to have been submitted to and approved by the Board of Trustees at a meeting held on September 16, 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 September 16, 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 September 16, 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