

# FCR 18

Office of the President  
June 14, 2005

Members, Board of Trustees:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$11,370,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES U, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of approximately \$11,370,000 of University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series U, to be dated the first day of the month in which the Series U Bonds are sold.

The Resolution approves the issuance of approximately \$11,370,000 of Series U Bonds for the purpose of financing the following educational building projects; (a) completion of the construction of Parking Structures Number 6 and Number 7 and (b) certain University infrastructure projects, including (i) replacement of the central facilities management project, (ii) replacement of certain steam and condensate pipe, (iii) improvements to central heating facilities and (iv) replacement of certain high voltage wiring, together constituting the Series U Project upon the campus of the University in Fayette County in the Commonwealth of Kentucky, which project will, when completed, become part of the University of Kentucky Consolidated Educational Buildings Project of the University (the "Series U Project").

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

Background: The 2003 General Assembly authorized the issuance of a pool of revenue bonds to finance projects approved by the Council on Postsecondary Education (CPE). The CPE approved the construction projects listed above.

The University presently has outstanding nine series of University of Kentucky Consolidated Educational Buildings Project Revenue Bonds, Series E, J, L (Third Series); G, H, I (Third Series); K (Third Series); M (Second Series); N (Second Series); O (Second Series); P, Q, and R (Second Series); S and T (the "Outstanding Bonds") all secured by a pledge of the Revenues (registration fees) and by a statutory mortgage lien against all of the buildings of the Project. The Bond Resolution approves the appointment of the J.P. Morgan Trust Company, National Association, Louisville, Kentucky, as Trustee, Bond Registrar, Transfer Agent, Payee Bank and Depository Bank, with respect to these Bonds, provides for the execution of the appropriate parity certification establishing that the "coverage" of projected income of the Project over debt service requirements will meet the 1.25 test necessary to establish that the Series U Bonds will rank on a parity with the Outstanding Bonds.

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Action taken:       Approved       Disapproved       Other \_\_\_\_\_

RESOLUTION AUTHORIZING THE ISSUANCE

OF

APPROXIMATELY

\$11,370,000

OF

UNIVERSITY OF KENTUCKY

CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS,

SERIES U

(TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD),  
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

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## RESOLUTION

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$11,370,000 OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES U, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH THE BONDS ARE SOLD.

WHEREAS, the Board of Trustees of the University of Kentucky, by Resolution entitled:

"A RESOLUTION OF THE BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY, A STATE SUPPORTED INSTITUTION OF HIGHER LEARNING OF THE COMMONWEALTH OF KENTUCKY, CREATING AND ESTABLISHING A CONSOLIDATED EDUCATIONAL BUILDINGS PROJECT OF SAID UNIVERSITY OF KENTUCKY; CREATING AND ESTABLISHING AN ISSUE OF CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS OF THE BOARD OF TRUSTEES OF SAID UNIVERSITY OF KENTUCKY; PROVIDING FOR THE ISSUANCE OF SUCH BONDS FROM TIME TO TIME; AND PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS FROM REVENUES IN SUCH MANNER AS NOT TO CONSTITUTE INDEBTEDNESS OF THE BOARD, THE UNIVERSITY, OR THE COMMONWEALTH."

heretofore adopted on September 20, 1960 (the "Basic Resolution" or "Resolution"), has created and established an issue of University of Kentucky Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky (the "Bonds"); and

WHEREAS, the Basic Resolution authorizes the issuance by said Board of said Bonds in one or more Series pursuant to a new resolution authorizing each such Series; and

WHEREAS, the Board has previously authorized, sold, issued, and has outstanding prior issues of Bonds designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series E, J, L (Third Series); G, H, I (Third Series); K (Third Series); M (Second Series); N (Second Series); O (Second Series); P, Q, and R (Second Series); S and T" (all such other Series of Bonds heretofore issued having been retired or defeased); and has determined that the Board is in compliance with the conditions set forth in Section 7.10 of the Basic Resolution relative to the issuance of the Series U Bonds (authorized herein) on a basis of parity and equality as to security and source of payment with such outstanding Bonds of Series E, J, L (Third Series); G, H, I (Third Series); K (Third Series); M (Second Series); N (Second Series); O (Second Series); P, Q, and R (Second Series); S and T; and

WHEREAS, the Board has determined that it is in the best interests of the Board to authorize at this time an additional series of Bonds to be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series U," ranking on a parity with said outstanding Series of Bonds;

NOW, THEREFORE, the Board of Trustees of the University of Kentucky hereby resolves as follows:

## ARTICLE I

### DEFINITIONS AND AUTHORITY

Section 1.1. Series U Resolution. This Resolution (the "Series U Resolution") is adopted in accordance with Article II, Section 2.03, of the Basic Resolution.

Section 1.2. Definitions.

A. All terms which are defined in Article I of the Basic Resolution shall have the same meanings, respectively, in this Series U Resolution as such terms are given in said Article of the Basic Resolution.

B. In this Series U Resolution, unless the context shall indicate otherwise, the following terms shall have the following respective meanings:

"Agent Member" means a member of, or participant in, the Securities Depository.

"Basic Resolution" or "Resolution" means the original Resolution adopted on September 20, 1960, creating and establishing the Consolidated Educational Buildings Project and creating, establishing, and authorizing the issuance of Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky.

"Board" means the Board of Trustees of the University of Kentucky, and shall include the Executive Committee of the Board acting pursuant to authorization of and/or with ratification by said Board of Trustees.

"Bond Register" means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Series U Bonds, from time to time.

"Bond Registrar," "Registrar," "Payee Bank" or "Transfer Agent" means J.P. Morgan Trust Company, National Association, Louisville, Kentucky, which shall constitute the Bond Registrar, Transfer Agent and Payee Bank, with respect to the Series U Bonds authorized herein, which Bank shall have the duties and responsibilities of (a) issuing semiannual checks in payment of interest requirements to the Series U Bonds, (b) payment of the principal as same matures upon surrender of the Series U Bonds, (c) authenticating, issuing, and delivering the Series U Bonds to the Original Purchasers of same in accordance with the sale of the Series U Bonds, at the direction of the Board, (d) maintaining the Bond Register, (e) handling exchanges, cancellations, reissuance, redemption, and all appurtenant duties of a Bond Registrar and Transfer Agent with respect to the Series U Bonds, as hereinafter set out, and (f) serving as depository of all funds in connection with the Series U Bonds and Outstanding Bonds.

"Book-Entry Form" means, with respect to the Series U Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series U Bonds and bond service charges may be transferred only through a book entry, and (ii) physical Series U Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as owner, with the physical Series U Bond certificates in the custody of a Securities Depository.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the first day of the month in which the Series U Bonds are sold, between the University and the Trustee.

"Debt Service Reserve" means the portion of the Bond Fund in excess of the aggregate principal, interest, and Bond Fund Charges of Outstanding Bonds for the ensuing year, which excess portion shall constitute the "Debt Service Reserve" created and provided for in Section 4.05(3) of the Basic Resolution.

"Finance Cabinet" means the Finance and Administration Cabinet of the Commonwealth of Kentucky or its successor by whatever name designated.

"Financial Advisor" means Seasongood & Mayer, LLC, 300 Mercantile Library Building, 414 Walnut St., Cincinnati, Ohio 45202-3910.

"Interest Payment Date" means May 1, and November 1 of each year, commencing the first May 1 or November 1 that is at least three months after the dated date of the Series U Bonds.

"Memorandum of Instructions" means the Memorandum of Instructions Regarding Rebate delivered to the Board and the Trustee at the time of the issuance and delivery of the Series U Bonds as the same may be amended or supplemented in accordance with its terms.

"Original Purchasers" or "Purchasers" means the original purchasers of the Series U Bonds at the public sale, including all members of the approved purchasing syndicate or group.

"Outstanding Bonds" means all bonds outstanding against and payable from the revenues of the Project, including (a) the Bonds of Series E, J, L (Third Series); G, H, I (Third Series); K (Third Series); M (Second Series); N (Second Series); O (Second Series); P, Q, and R (Second Series); S and T; plus (b) the Series U Bonds, and (c) any and all future Bonds ranking on a parity therewith.

"Project" means the University of Kentucky Consolidated Educational Buildings Project, consisting of all educational buildings and necessary appurtenances on the campus of the University of Kentucky in Lexington, Kentucky, and all such buildings hereafter erected on such campus and elsewhere in Fayette County, Kentucky.

"Record Date" means with respect to any interest payment date, the close of business on April 15 or October 15, as the case may be, next preceding such Interest Payment Date, whether or not such April 15 or October 15 is a business day.

"Required Current Debt Service Reserve Accumulation" means the amount required at any given time to have been accumulated toward the goal of the "Required Debt Service Reserve," based on Outstanding Bonds, including the additional amounts required to have been deposited in each year to date (and scheduled to continue for a period of four years) in such Reserve as a result of the issuance of one or more additional Series of Bonds, until the total Required Debt Service Reserve is accumulated.

"Required Debt Service Reserve" means the amount required to be accumulated and maintained in the Debt Service Reserve portion of the Bond Fund, which required amount is an

amount equal to 100% of the maximum Aggregate Principal, Interest, and Bond Fund Charges falling due on Outstanding Bonds in any twelve month period.

"Secretary" means the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky, and each and every officer of the Commonwealth who may hereafter be authorized to exercise powers and authority similar to those vested by law in said Secretary; and each and every Deputy Secretary or other similar officer authorized by law to exercise the powers and authority presently vested by law in the Secretary.

"Securities Depository" means any securities depository that is 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, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

"Securities Depository Nominee" means any nominee of a Securities Depository and initially means Cede & Co., New York, New York, as nominee of The Depository Trust Company.

"Series U Bonds" or "These Bonds" means the Bonds authorized by Article II of this Series U Resolution.

"Series U Project" means (a) completion of the construction of Parking Structures Number 6 and Number 7 and (b) certain University infrastructure projects, including (i) replacement of the central facilities management project, (ii) replacement of certain steam and condensate pipe, (iii) improvements to central heating facilities and (iv) replacement of certain high voltage wiring, which Project is located in Fayette County, Kentucky.

"Series U Resolution" or "This Resolution" means this Resolution authorizing the Series U Bonds.

"Trustee" or "Trustee-Registrar" means J.P. Morgan Trust Company, National Association, Louisville, Kentucky, as more fully defined under "Bond Registrar."

"University" means the University of Kentucky, a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky.

Section 1.3. Statutory Authority. This Series U Resolution is adopted pursuant to the provisions of Section 162.340, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes (the "Enabling Acts") and the Basic Resolution.

(End of Article I)

## ARTICLE II

### AUTHORIZATION OF SERIES U BONDS

Section 2.1. Series U Bonds Authorized. Pursuant to the provisions of the Basic Resolution, there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, a Series of Bonds in the aggregate principal amount of approximately ELEVEN MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS (\$11,370,000). Such Bonds shall be designated "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series U." Said Series U Bonds are hereby declared to have been authorized under the Basic Resolution and in conformity with the provisions of Section 7.10 of the Basic Resolution. The exact principal amount of the Series U Bonds to be issued may be increased or decreased by up to \$1,370,000. The exact principal amount shall be established at the time of sale of the Series U Bonds as the amount required to fund the purpose of the issue set forth in Section 2.2 hereof.

Section 2.2. Purpose of Issue. Said Series U Bonds are being issued for the purpose of (a) paying the costs (to the extent not otherwise provided from other funds, including projected investment income from the investment of the net proceeds of the Series U Bonds until expended) of establishing and constructing the Series U Project, as defined herein, upon property of the University in Fayette County, Kentucky, which Series U Project will, when constructed and established, become and constitute part of the Consolidated Educational Buildings Project of the University, and (b) funding the Required Debt Service Reserve, and (c) paying the costs of issuance of the Series U Bonds.

Section 2.3. Date and Maturities of Bonds. Except as set out in Section 2.5 hereof, the Series U Bonds shall be dated the first day of the month in which the Series U Bonds are sold, and bear interest payable on each Interest Payment Date (May 1 and November 1 of each year). The Series U Bonds shall be numbered consecutively from R-1 upward, or in such other manner as shall be determined by the Trustee-Registrar, and shall be scheduled to become due and payable on May 1 of the respective years and in the principal amounts (subject to such adjustment to maturity amounts as may be approved by the Chairman of the Board upon acceptance of the bid for the Series U Bonds in order to provide for an appropriate balance of principal and interest), as follows:

<u>Maturity Date</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>
2006	\$405,000	2016	\$555,000
2007	415,000	2017	580,000
2008	425,000	2018	600,000
2009	435,000	2019	625,000
2010	450,000	2020	655,000
2011	465,000	2021	685,000
2012	480,000	2022	710,000
2013	495,000	2023	745,000
2014	515,000	2024	780,000
2015	535,000	2025	815,000

Section 2.4. Series U Bonds to be Issued as Fully Registered Bonds. The Series U Bonds shall be issued only in fully registered form, without coupons, in the denomination of \$5,000 or any authorized multiple thereof within a single maturity.

Section 2.5. Interest Payment Dates. Each Series U Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Series U Bond is authenticated by the Registrar, unless such Series U Bond is authenticated on an Interest Payment Date to which interest has been paid, in which event it shall bear interest from such date, or if such Series U Bond is authenticated prior to the first Interest Payment Date, such Series U Bonds shall bear interest from their original dated date. Interest on the Series U Bonds shall be payable, commencing the first May 1 or November 1 that is at least three months after the dated date of the Series U Bonds.

Section 2.6. Registered Owners. The Person in whose name any Bond is registered on the Bond Register at the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond shall have been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, except in the event of default.

Section 2.7. Payment of Interest and Principal of Bonds. The principal of (redemption price, if redeemed prior to maturity) and interest on the Series U Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Series U Bond is payable up on surrender of same at the main office of the Payee Bank and Bond Registrar. Interest on the Series U Bonds shall be paid by check mailed by the Payee Bank on or before each Interest Payment Date to the owners of the Bonds shown on the Bond Register as of the end of business on the Record Date, at the respective addresses appearing on the Bond Register.

So long as any of the Series U Bonds remain outstanding, the Registrar shall keep at its principal office a Bond Register showing and recording a register of the owners of the Series U Bonds and shall provide for the registration and transfer of such Bonds in accordance with the terms of this Resolution, subject to such reasonable regulations as the Registrar may prescribe.

Section 2.8. Execution of Bonds; Authentication by Trustee-Registrar; Transferability; Temporary Bond. The Series U Bonds shall be executed on behalf of the Board with the reproduced facsimile signature of the Chairman of the Board, and the facsimile of the Corporate Seal of the Board shall be imprinted thereon and attested by the reproduced facsimile signature of the Secretary of the Board; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on such Bonds; provided the Authentication Certificate of Trustee on each printed Bond must be executed by the manual signature of the Trustee (not necessarily the same authorized officer of the Trustee on each Bond) on each Bond before such Bond shall be valid, as set out in Section 2.13 below.

Pending the preparation of definitive Bonds, the Series U Bonds may be delivered in the form of one or more temporary Bonds, which may be printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in registered form, and with such appropriate insertion, omissions, substitutions and other appropriate and necessary variations as the Board may determine, as evidenced by the execution of such temporary Bonds.

Until exchanged for Series U Bonds in definitive form, such temporary Bonds shall be entitled to the benefit and security of this Resolution. The Board shall, without unreasonable delay, cause to have prepared, executed and delivered printed Bonds to the Original Purchasers and/or their designees, and thereupon, upon the presentation and surrender of the temporary Bonds, such printed Bonds shall be delivered to the Original Purchasers and/or their designees in exchange therefore. Such exchange shall be made without the making of any charge therefore to any owner of the Series U Bonds.

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Trustee-Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Trustee-Registrar shall have the right to order the preparation or printing of additional Bond Certificates which, in the sole discretion of the Trustee-Registrar, shall be necessary to maintain adequate reserves of such Bond Certificates to properly effect the continuing transfers of ownership of Bond Certificates. No further action regarding the authorization of additional Bond Certificates shall be required by the Board, and the expenses incidental thereto shall be borne by the Board as additional annual requirements of the Series U Bonds, the same as interest thereon.

If the University determines not to issue the Series U Bonds in Book-Entry Form, at least five business days prior to the payment of the purchase price for the Bonds (the "Closing Date") each of the Original Purchasers shall furnish to the Registrar the name, address, social security number or taxpayer identification number of each party to whom the Bonds shall have been resold and in whose name the respective Bonds are to be registered, and the principal amounts and maturities thereof. The Trustee-Registrar shall then issue and deliver to each respective Purchaser on the Closing Date fully registered printed Bond Certificates for each registered owner so designated, in substantially the same for as that set out in Section 2.15 hereof.

Subject to the provisions hereof for Series U Bonds issued in Book-Entry Form, Series U Bonds shall be exchangeable and transferable upon the presentation and surrender thereof at the office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner and/or his authorized representative, for a Bond or Bonds of the

same maturity and interest rate and in the denomination of \$5,000 and/or a multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond and/or Bonds presented for exchange. The Trustee-Registrar shall be and is hereby authorized to (authenticate and) deliver the exchange Bond in accordance with the provisions of this Section. Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the Board and shall be entitled to the benefit and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

In the event of non-payment of interest or of one or more principal maturities on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment or for such maturity or maturities ("Special Record Date") will be established by the Trustee-Registrar if and when funds for the payment of such interest shall have received from the Board. Notice of the Special Record Date and of the Special Payment Date of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each owner of the Bonds, as shown on the Bond Register, of such maturity or maturities appearing on the books of the Trustee-Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 2.9. Provisions as to Prior Redemption.

(a) Redemption Prior to Maturity. The Series U Bonds maturing on and after May 1, 2016, shall be subject to redemption by the Board prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after May 1, 2015, at a redemption price equal to the principal amount of the Series U Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

(b) Redemption of Less Than All of a Single Bond. In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Trustee-Registrar shall (authenticate and) deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Notice of Redemption. The Trustee-Registrar shall give notice of any redemption by sending at least one such notice by United States mail, first class, postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series U Bond to be redeemed in whole or in part, at the address shown on the Bond Register as of the date of mailing of such notice. The Trustee-Registrar may furnish one other form of such notice more than 60 days prior to the date fixed for redemption, provided at least one such notice shall be sent not less than 30 nor more than 60 days prior to such date. Such notice shall state the redemption date, the Redemption Price, the accrued interest payable on the redemption date, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice.

Prior to each redemption date, the Trustee-Registrar shall make provision, to the extent funds are then available therefore, for the payment of the Redemption Price of the Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such Redemption Price. Upon presentation and surrender of any such Bond at the main corporate trust office of the Trustee-Registrar on or after the date fixed for redemption, the Trustee-Registrar shall pay the Redemption Price on such Bond (including accrued interest) from the funds set aside for such purpose.

All of said Bonds as to which the Board reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The required notice shall be deemed to have been given upon the Board furnishing Notice of Redemption to the Trustee-Registrar and upon the Trustee-Registrar acknowledging that it has instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

Section 2.10. Transferability. Title to any Series U Bond shall be transferable only upon the presentation and surrender of same at the main office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, such transfer to be made on such books and endorsed on the Bond by the Registrar.

Section 2.11. Designation of Trustee, Bond Registrar, Transfer Agent, and Payee Bank. For the purpose of securing the payment of both the principal of and interest on all of the Series U Bonds, and to secure for the benefit of all the owners thereof the faithful performance of the covenants and provisions contained in the Resolution in the manner and to the extent permitted and provided in this Series U Resolution and in Section 162.340, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, J.P. Morgan Trust Company, National Association, Louisville, Kentucky, successor to Bank One Trust Company, NA, which was successor to First Security National Bank & Trust Company, is hereby designated as Trustee, Bond Registrar, Transfer Agent, and Payee Bank under the Basic Resolution and this Series U Resolution for the owners of all of said Series U Bonds, with the powers and duties set forth in the Basic Resolution and in this Series U Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Series U Resolution except for its own negligence or willful breach of trust. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Series U Bonds, shall conclusively establish the acceptance by the Trustee-Registrar of the trusts and provisions with respect thereto as set forth in this Resolution. Acceptance of the duties of Trustee-Registrar shall also be evidenced by the execution of the appropriate form of Acceptance immediately following the end of this Series U Resolution.

Section 2.12. Security for Series U Bonds; Statutory Mortgage Lien; Revenue Pledge. For the protection of the holders and owners of the Bonds secured by the Basic Resolution and this Resolution, a statutory mortgage lien upon the Project and properties connected therewith and belonging thereto, on a parity with Outstanding Bonds, is granted and created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien is hereby recognized and declared to be valid and binding as provided by law, and shall take effect immediately upon the delivery of any and all of the Series U Bonds, ranking on a parity with the Outstanding Bonds.

All of the Series U Bonds are payable only from the Gross Revenues derived from the operation of the Project, ranking on a parity with the Outstanding Bonds, and the Series U Bonds shall not and do not constitute an indebtedness of the University or of its Board of Trustees or of the University or of its Board of Trustees or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Section 2.13. Authentication of Bonds. No Series U Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until such Bond has been duly authenticated by the Trustee-Registrar by the execution of the Authentication Certificate of Trustee-Registrar appearing on such Bond. Such Certificate appearing on any Bond shall be deemed to have been duly executed by the Trustee-Registrar if manually signed by an authorized officer of the Trustee-Registrar.

It shall not be required that the same officer of the Trustee-Registrar sign such Certificate on all of the Series U Bonds.

Section 2.14. Securities Depository; Ownership of Bonds. Except as provided in paragraph (c) below, the Series U Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Agent Members of the Securities Depository. Initially, the Series U Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as provided in paragraph (c) below, the Series U Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Board or to a nominee of such successor Securities Depository. As to any Series U Bond, the person in whose name such Series U Bond shall be registered shall be the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on any such Series U Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

(a) Neither the Board nor the Trustee shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the Series U Bonds;

(ii) the delivery to any Agent Member, any beneficial owner of the Series U Bonds or any other person, other than the Securities Depository, of any notice with respect to the Series U Bonds or the Bond Resolution: or

(iii) the payment to any Agent Member, any beneficial owner of the Series U Bonds or any other person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on the Series U Bonds.

So long as any Series U Bonds are registered in Book-Entry Form, the Board and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such Series U Bonds for all purposes whatsoever, including without limitation:

(A) the payment of principal of, premium, if any, and interest on the Series U Bonds;

(B) giving notices of redemption and other matters with respect to the Series U Bonds;

(C) registering transfers with respect to the Series U Bonds;

(D) the selection of Series U Bonds for redemption;

(E) for purposes of obtaining consents under the Bond Resolution; and

(F) notwithstanding the definition of the terms "bondholder" or "holder" or "owner" in the Bond Resolution as referencing the registered owners of the Series U Bonds, the Trustee shall be entitled to rely upon written instructions from a majority of the beneficial owners of the Series U Bonds with reference to consent, if any, required from the owners of the Series U Bonds pursuant to the terms of the Bond Resolution.

(b) If at any time the Securities Depository notifies the Board that it is unwilling or unable to continue as Securities Depository with respect to the Series U Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by the Board within 90 days after the Board receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable, and the Board shall execute and the Trustee shall authenticate and deliver certificates representing the Series U Bonds to the owners of the Series U Bonds as otherwise provided in this Article II.

(c) Payment of the principal of, premium, if any, and interest on any Series U Bonds not registered in Book-Entry Form shall be made as provided in Section 2.7 hereof.

(d) The principal of, premium, if any, and interest on the Series U Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Trustee to the Securities Depository or the Securities Depository Nominee, as the case may be.

Section 2.15. Form of Bonds. The aforesaid authorized issue of Series U Bonds shall be in substantially the following form:



As provided in the Series U Resolution, these Series U Bonds, together with the outstanding Bonds of Series E, J, L (Third Series); G, H, I (Third Series); K (Third Series); M (Second Series); N (Second Series); O (Second Series); P, Q, and R (Second Series); S and T, and any additional Parity Bonds which may hereafter be issued and outstanding under the terms of the Basic Resolution and subsequent Series Resolutions (hereinafter all references to said outstanding Bonds and any additional Parity Bonds shall be collectively referred to as "Outstanding Bonds"), are and will be available from and constitute a first charge and lien up on the Revenues (as defined in the Basic Resolution) to be derived by the University from the operation of its Consolidated Educational Buildings Project. The fee imposed upon and collected from all students enrolled in the University at the Lexington Campus as an incident to registration at the beginning of each semester of the regular academic year and each summer session, including fees imposed for part-time students, night school and extension courses, is designated as the source of Revenues of the Project. Such fees are known as the Student Registration Fees, and the Board has covenanted on behalf of the University that such fees will be fixed (and, if necessary, revised and increased from time to time) at such rates as may be required to pay the interest on and principal of the Bonds as they respectively mature, to provide reserves therefore, and to pay the operating costs of the Project to the extent that such costs are not otherwise provided. All collections of the Student Registration Fees are to be set aside, as received, into the Consolidated Educational Buildings Project Revenue Fund (the "Revenue Fund") and are made subject to a first pledge, lien, and charge for the security and source of payment of Outstanding Bonds.

The Basic Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund") and for the deposit from the Revenue Fund to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project sufficient to pay interest on Outstanding Bonds as the same become due, to pay or retire the principal of Outstanding Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The aggregate principal amount of Bonds which may be issued under the Basic Resolution is not limited except as provided in such Basic Resolution, and all Bonds issued and to be issued under the Basic Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted the Basic Resolution.

As further security for these Series U Bonds, a statutory mortgage lien, which is hereby recognized as valid and binding on the Project and properties connected therewith and belonging thereto, on a parity with Outstanding Bonds, is created and granted to and in favor of the owner(s) of these Series U Bonds, pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien shall take effect immediately upon the delivery of any and all of the Series U Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on Outstanding Bonds, including the Series U Bonds.

Outstanding Bonds are payable only from the gross Revenues derived from the operation of the Project, a sufficient amount of which Revenues will be annually set aside into the Bond Fund, and this Bond does not constitute an indebtedness of the University of Kentucky, its Board, or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Trustee-Registrar, but only in the manner, subject to the limitations provided in the Series U Resolution, and up on surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being effected, a new fully registered Bond or Bonds of the same series and the same maturity of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefore.

The Board and the Trustee-Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and redemption price, if any, hereon, and interest due hereon, and for all other purposes, and neither the Board or the Trustee-Registrar shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Series U Resolution, to institute action to enforce the covenants therein, to take any action with respect to any default under such resolutions, or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in such Resolutions. The Basic Resolution provides for fixing, charging, and collection fees for the services of the Project, which fees will be sufficient to pay the principal of and interest on Outstanding Bonds as the same become due, to provide a reserve for such purpose, and also to pay the cost of operation and maintenance of the Project to the extent that same are not otherwise provided.

Reference is made to such Basic Resolution and Series U Resolution (a) pursuant to which J.P. Morgan Trust Company, National Association, Louisville, Kentucky, successor to Bank One Trust Company, NA, has been designated as Trustee and Bond Registrar, Payee Bank, and Transfer Agent for the owners of the Series U Bonds, (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Series U Bonds, (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Series U Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

The Series U Bonds maturing on and after May 1, 2016, shall be subject to redemption by the Board prior to maturity, in whole or in part, in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any date, on or after May 1, 2015, at a redemption price equal to the principal amount of the Series U Bonds called for redemption, plus unpaid interest accrued to the date of redemption, without premium.

[Insert mandatory sinking fund redemption provisions, if any.]

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Trustee-Registrar, in accordance with the Series U Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the bond so surrendered.

The Trustee-Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the Bond Register as of the date of mailing of such notice.

This Bond is exempt from taxation (except inheritance taxes) by the Commonwealth of Kentucky and all of its political subdivisions.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond, together with all other obligations of the Board and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into the Bond Fund (created in the Basic Resolution) for the payment of the principal of and interest on this Bond and Outstanding Bonds which by their terms and the terms of the Basic Resolution, the Series U Resolution, and all previous Series Resolutions, are payable from the Bond Fund as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of the Date of Original Issue set forth above; provided, however, that this Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Series U Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

**UNIVERSITY OF KENTUCKY**

Lexington, Kentucky

By: \_\_\_\_\_  
Chairman, Board of Trustees

Attest:

By: \_\_\_\_\_  
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

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(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

THE AUTHENTICATION DATE OF THIS BOND IS: \_\_\_\_\_

**AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR**

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Series U Resolution authorizing same. Printed on the reverse hereof is the complete text of the opinion of Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, a signed original of which is one file with the undersigned, delivered and dated as of the date of the original delivery and payment for the Bonds.

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**, Louisville, Kentucky, Trustee and Bond Registrar

By: \_\_\_\_\_  
Authorized Signer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfer unto the within Series U Bond and hereby irrevocably constitutes and appoints attorney to transfer the within Series U Bond on the books kept for registration and transfer of said Series U Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must correspond with name of Registered Owner as it appears on the front of this Bond in every particular, without alteration, enlargement or any change whatsoever.)

Social Security Number or other identifying number:

\_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_

Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(End of Article II)

## ARTICLE III

### **PUBLIC SALE OF SERIES U BONDS; COMPLIANCE WITH PARITY REQUIREMENTS; THE SERIES U CONSTRUCTION ACCOUNT; DISPOSITION OF PROCEEDS OF SERIES U BONDS**

Section 3.1. Advertisement of Series U Bonds for Sale. The Series U 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 U 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 Seasongood & Mayer, LLC, Cincinnati, Ohio, has been employed as Financial Advisor in connection with the issuance of these Series U Bonds, that their fee for services rendered with respect to the sale of the Series U Bonds is contingent upon the issuance and delivery of the Series U Bonds, and that they may submit a bid for the purchase of the Series U Bonds at the time of the advertised public sale of the Series U Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Series U 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 U Bonds that are required to be issued in order to (i) pay the budgeted costs of the Project, (ii) fund the Required Debt Service Reserve, and (iii) pay the costs of issuing the Series U Bonds and the final principal amount and maturities of the Series U Bonds shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 3.2. Compliance with Parity Requirements of Basic Resolution. In accordance with the requirements of Section 7.10 of the Basic Resolution, it is hereby certified, covenanted, and declared:

(a) That at the present time, and at the time of issuance of the Series U Bonds, there is and will be no deficiency in amounts required by the Basic Resolution or any Series Resolution to be paid into the Bond Fund;

(b) That prior to the issuance of the Series U Bonds, there will have been procured and filed with the Trustee a statement by the Treasurer of the Board to the effect that the average of the annual revenues from the Project for the two fiscal years immediately preceding the issuance of the Series U Bonds, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Outstanding Bonds and on the Series U Bonds proposed to be issued. For the purposes of such computation, such certification of the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increases or decreases in the pledged Revenues (the student registration fees) which at that time shall have been determined by the Board and made effective for future services of the Project.

Accordingly, based on the foregoing compliance with the requirements of the Basic Resolution, it is hereby found and declared that the Series U Bonds shall rank and be payable on a parity with the Outstanding Bonds on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings.

Section 3.3. The Series U Construction Account; Disposition of Proceeds of Series U Bonds. There is hereby established in the Treasury of the Commonwealth a Construction Account to be designated "University of Kentucky Consolidated Educational Buildings Project Bond Proceeds Series U Construction Account" (the "Series U Construction Account").

Immediately upon the issuance, sale, and delivery of the Series U Bonds, the entire amount received from the Original Purchasers of the Series U Bonds shall be deposited in the Treasury of the Commonwealth for immediate credit and/or transfer as follows:

(a) To the Bond Fund, all amounts received as collected accrued interest for the period from the date of the Series U Bonds, to the date of delivery, for application to the payment of interest next becoming due on the Series U Bonds.

(b) To the Debt Service Reserve Fund, the amount necessary to fully fund the Required Debt Service Reserve.

(c) To the "University of Kentucky Consolidated Educational Buildings Series U Bonds Cost of Issuance Account," hereby created and to be maintained on deposit with the Trustee, such appropriate amount as shall be directed by the Treasurer of the Board, to be held and disbursed upon written authorization of the Board or its designee. The Trustee shall apply funds in such account for the purpose of meeting issuance expenses, rating agency fees, and other necessary costs (to the extent not payable by the Financial Advisor) of preparing, issuing, advertising, and selling the Bonds. After payment in full of such issuance expenses, based upon the certification of the Board, through its Treasurer, all amounts remaining in such Account shall be transferred to and deposited in the Bond Fund and applied toward the payment of interest requirements falling due on the Bonds on the next Interest Payment Date.

(d) The balance of the proceeds of the Series U Bonds shall be deposited in the Series U Construction Account.

Such balance in the Construction Account shall be disbursed from such Account by the Treasurer of the Commonwealth according to such inspection, audit, and disbursement procedures as may from time to time be provided by law, for the purpose of paying the costs (to the extent not otherwise provided) of establishing and constructing the Series U Project buildings and appurtenances as identified in Section 2.2 of this Series U Resolution in accordance with the approved plans and specifications therefore and to reimburse the University or the Commonwealth for any payments which may have been made from other available resources in anticipation of the issuance of the Series U Bonds, and only upon certification of the Architects or Engineers having supervision of construction (or of the Secretary with respect to reimbursements sought by the Commonwealth), as to each disbursement for construction costs, that the amount thereof has been duly earned by and is payable to (and has not previously been paid to) the designated party or parties, for materials, services, and/or labor furnished pursuant to proper contract duly awarded therefore.

Amounts on deposit in the Construction Account shall be invested and reinvested from time to time by the State Treasurer upon direction to the State Treasurer by the Treasurer of the University, in direct obligations of the United States Government or of agencies of the United States Government, or obligations which are fully guaranteed by the United States Government, or in negotiable or non-negotiable Certificates of Deposit issued by any bank, trust company or national banking association (including the Trustee) whose deposits are insured by the Federal Deposit Insurance Corporation, provided such Certificates of Deposit, to the extent that same shall exceed the amount insured by the Federal Deposit Insurance Corporation, must be continuously secured by a valid pledge of direct obligations of or obligations guaranteed by the United States Government having a market value (exclusive of accrued interest) at all times equal to at least 100% of the principal amount of said Certificates of Deposit, which Certificates shall be lodged with the State Treasurer as custodian, or in investments permitted by KRS 42.500(6). The Investments shall be made upon the determination of the University Treasurer, upon advice from said Architects or Engineers (or of the Secretary) that moneys on deposit in the Construction Account are not immediately required for construction purposes and any investments made from the Construction Account shall be selected in contemplation of the anticipated schedule of disbursements prepared by the University Treasurer. All such investments shall be reconverted into cash as and when cash is required to pay costs for which the Construction Account is established.

Any balance remaining in said Construction Account after the establishment and construction of said Series U Project buildings and appurtenances and the payment of all costs in connection therewith shall be deposited in the Bond Fund and (a) credited to the Debt Service Reserve established in and by Section 405(3) of the Basic Resolution if and to the extent that such Debt Service Reserve contains less than the amount of the Required Debt Service Reserve, and/or (b) either applied as a credit against the next deposit required to be made into the Bond Fund, or used to purchase Series U Bonds in the open market at a purchase price not exceeding par plus accrued interest, as may be directed by the Board; provided, however, that if proceedings are then pending or imminently contemplated for the establishment and/or construction of one or more additional educational buildings, which are or will be financed by the issuance of additional Series Bonds pursuant to the Basic Resolution, and which building or buildings constitute or will constitute a part of the Consolidated Educational Buildings Project, any such unexpended balance may be taken into account in determining the amount of Bonds to

be authorized therefore, or may otherwise be applied to the proper costs thereof, in which event such unexpended balance may, upon authority of the Board, be transferred to the Series Construction Account thereof; and provided further, that if the Board has made a contribution to the Construction Account, any surplus to the extent of such contribution shall be transferred back to the Board.

(End of Article III)

## ARTICLE IV

### COMPLIANCE WITH FEDERAL ARBITRAGE REQUIREMENTS; THE REVENUE FUND; DEBT SERVICE RESERVE FUND

Section 4.1. Compliance with Requirements of Internal Revenue Code. In order to assure purchasers of the Series U Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (subject to certain exceptions set out below), the Board covenants to and with the owners of Series U Bonds that (1) the Board will take all actions necessary to comply with the provisions of the Code, (2) the Board will take no actions which will violate any of the provisions of the Code, or would cause the Series U Bonds to become "private activity bonds" within the meaning of the Code, and (3) none of the proceeds of the Series U Bonds will be used for any purpose which would cause the interest on the Series U Bonds to become subject to Federal income taxation.

Neither the University nor the Trustee shall take any action at any time which will cause the interest on the Bonds to become subject to Federal income taxation, and, without limiting the foregoing, it is covenanted for the benefit of the owners of such Bonds that no use of the proceeds of the Series U Bonds will be made at any time which, if such use had been reasonably expected on the date of issue of such bonds, would have caused them to be "arbitrage bonds." This covenant shall impose an obligation to comply with the requirements of Section 148 of the Code, and the applicable regulations thereunder. The word "proceeds" as used herein shall have the meaning which it has under such section of the Code and such regulations and shall include all moneys on deposit in all Funds provided for herein and all Funds established in connection with the Project and the Bonds. Without limiting the generality of the foregoing, in no event shall moneys be deposited in any accounts created hereunder or invested pursuant to the provisions hereof if such deposit or investment shall cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

The Board certifies that on the basis of the facts, expectations, and circumstances (including covenants of the Board) in existence on the date of adoption of this Series U Resolution it is not expected that the proceeds of the Series U Bonds will be used in a manner that will cause such obligations to be "arbitrage bonds." The Chairman and the Treasurer of the Board are hereby jointly and severally designated and charged by the Board and the University with the responsibility for issuing the Series U Bonds and are hereby designated as the officers of the Board and the University to execute (by either of them) the ("no arbitrage") certification required by Section 1.103-13(a)(2)(ii) and any other provisions of the Treasury Regulations, and such certification shall set forth such facts, expectations and circumstances, which may be in brief and summary terms, and shall state that to the best of his knowledge and belief that are no other facts, expectations, or circumstances that would materially change such expectation that the proceeds of the issue of Bonds herein authorized will not be used in a manner that would cause same to be "arbitrage bonds." If, under any valid provisions of law hereafter enacted, the interest paid by the Board on the Bonds should be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the provisions of Section 148 of the Code, then the University shall not be required to comply with such provisions of the Code.

Without limiting the generality of the foregoing, the Board agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be

applicable to the Series U Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series U Bonds. The Board specifically covenants to pay or cause to be paid to the United States, the Rebate Amount, at the times and in the amounts described in the Memorandum of Instructions. The Trustee, by execution of its Acceptance attached hereto, agrees to comply with all instructions of the Board given in accordance with the Memorandum of Instructions.

The Board reserves the right to amend the Resolution authorizing these Series U Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Series U Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Series U Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Series U Bonds, or the application of such proceedings or of the revenues of the Project. The purchasers of the Series U Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of the Series U Bonds. To the extent that the Board obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Resolution or referred to in this Resolution would not subject interest on the Series U Bonds to Federal income taxes or Kentucky income taxes, the Board shall not be required to comply with such covenants or requirements.

This Resolution is adopted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Bonds from Kentucky ad valorem taxation and as to exemption of interest on the Series U Bonds from Federal and Kentucky income taxation, based on the assumption by bond Counsel that the Board complies with covenants made by the Board with respect to compliance with the provisions of the Code and based on the assumption of compliance by the Board with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series U Bonds. The Board has been advised that, based on the foregoing assumption of compliance, Bond Counsel is of the opinion that the Series U Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.2. The Revenue Fund; Transfer to the Bond Fund and the Debt Service Reserve Fund to Provide for the Additional Requirements of the Series U Bonds.

(1) From and after the issuance and delivery of the Series U Bonds, the Treasurer, conforming to the provisions of Section 4.05(2) of the Basic Resolution, shall transfer from the Revenue Fund and deposit to the credit of the Bond Fund from time to time such sums as are required to pay (a) interest falling due on each November 1 with respect to the Series U Bonds, and (b) interest and principal, if any, falling due on each May 1 with respect to the Series U Bonds; and such transfers and deposits into the Bond Fund shall be in addition to the transfers and deposits required to be made from time to time for payment of the interest on and principal of the Outstanding Bonds.

(2) Conforming to the requirements of Section 4.05(2) of the Basic Resolution, if, whenever, and so long as the amount on deposit in the Debt Service Reserve (as part of the Bond Fund) shall be less than the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve (as defined herein), with respect to Outstanding Bonds for any future year ending May 1, the Treasurer shall transfer from the first available funds in the

Revenue Fund and deposit in the Bond Fund, whatever additional amounts over and above all deposits otherwise required to be made into the Bond Fund, as set out in the foregoing paragraph (1) of this Section, shall be required in order to restore and maintain the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve in the Debt Service Reserve portion of the Bond Fund.

(3) It is further determined by the Board that in calculating the amount of the required annual payments to be made by the Board into the Bond Fund to meet the principal and interest requirements of All (Outstanding) Bonds, the Board shall (whenever and so long as the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve has been accumulated and is being maintained), take credit for the investment income derived from the investment of funds in the Bond Fund, including funds in the Debt Service Reserve; provided, further, however, that the Board, in compliance with the arbitrage requirements of the Internal Revenue Code of 1986, as amended, represents that amounts on deposit in the Bond Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and interest on the Outstanding Bonds; and the Bond Fund will annually be depleted through such application, for current debt service requirements on the Outstanding Bonds, except for an amount equal to not more than the greater of (a) one-twelfth (1/12) of the debt service requirements of the Outstanding Bonds for the then ensuing year, or (b) one year's earnings on the Bond Fund.

Section 4.3. Adjustments in the Debt Service Reserve. It is hereby determined that it is necessary (a) in order to comply with the parity requirements of the Basic Resolution, and (b) for the marketability of the Series U Bonds, that the Debt Service Reserve shall continue to be maintained and, when necessary, accumulated and/or restored, in an amount equal to the "Maximum Aggregate Principal, Interest and Bond Fund Charges" (as defined in the Basic Resolution) with respect to all Outstanding Bonds for any future year ending May 1 (the "Required Debt Service Reserve").

The Debt Service Reserve shall not (except where the amount on deposit therein shall exceed the Required Debt Service Reserve) be used for any purpose except to make the payments required to be made from the Bond Fund when there are insufficient funds available in the Bond Fund for such purposes.

(End of Article IV)

## ARTICLE V

### MISCELLANEOUS CONCLUDING PROVISIONS

Section 5.1. All Provisions of Basic Resolution and Various Series Resolutions Are Hereby Readopted, Ratified and Confirmed. The Board hereby readopts, ratifies and confirms all previous Resolutions relating to the Project, including the Basic Resolution adopted on September 20, 1960, and each of the various Series Resolutions relating to the Outstanding Bonds.

Section 5.2. Ratification of Previous Appointment of Trustee to Serve as Registrar, Transfer Agent and Payee Bank. J.P. Morgan Trust Company, National Association, Louisville, Kentucky, successor to Bank One Trust Company, NA, which was successor to First Security National Bank & Trust Company, the Trustee in all previous Series Resolutions, which was designated in all Series Resolutions beginning with the Series J Resolution, to serve also as Bond Registrar, Transfer Agent and Payee Bank with respect to the Bonds authorized by such Resolutions, is also designated to serve in all capacities referred to above with respect to the Series U Bonds.

Its duties as Registrar, Transfer Agent and Payee Bank with respect to the Series U Bonds shall be the same as its duties in such capacities with respect to the applicable Outstanding Bonds.

The Trustee Bank shall indicate its acceptance of its respective duties and capacities by signing its Acceptance at the conclusion of this Resolution.

Section 5.3. Replacement by Board of Registrar, Transfer Agent, Payee Bank and Depository Bank. The Board shall have the right at any time to replace the Registrar, Transfer Agent, Payee Bank, and/or Depository Bank by observing the same procedure as that required by the Basic Resolution and/or the respective Series Resolutions for replacement of the Trustee.

Section 5.4. 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, the Continuing Disclosure Agreement 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 5.5. Resolution Contractual With Bondowners. The Basic Resolution and this Series U Resolution shall, from and after the issuance and delivery of the Series U Bonds, constitute a contract between the Board of the University and the owners of the Series U Bonds as shall be outstanding hereunder.

Section 5.6. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Series U Resolution are hereby rescinded to the extent of such conflict.

Section 5.7. Copy to be Filed with Trustee. A certified copy of this Series U Resolution shall be filed with the Trustee, and this Series U Resolution shall take effect immediately upon its adoption and the filing of the certified copy thereof with the Trustee, as provided in the Basic Resolution.

(End of Article V)

Adopted June 14, 2005.

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Chairman, Board of Trustees  
University of Kentucky

(SEAL)

Attest:

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Secretary, Board of Trustees

## CERTIFICATION

The undersigned, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certifies that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on June 14, 2005, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of said Board this 14th day of June, 2005.

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Secretary, Board of Trustees  
University of Kentucky

(SEAL)

**ACCEPTANCE BY J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION,  
LOUISVILLE, KENTUCKY, AS  
BOND REGISTRAR, TRANSFER AGENT, PAYEE BANK AND TRUSTEE**

The undersigned, J.P. Morgan Trust Company, National Association, Louisville, Kentucky, having heretofore been appointed as and having served as Trustee, hereby agrees to the provisions of the foregoing Resolution to the extent that there are contained therein provisions as to the additional rights and duties of the undersigned as Bond Registrar, Transfer Agent, Payee Bank, and Trustee.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2005.

**J.P. MORGAN TRUST COMPANY, NATIONAL  
ASSOCIATION**  
Louisville, Kentucky

By: \_\_\_\_\_

Title: \_\_\_\_\_

30723\1