

# FCR 16

Office of the President  
March 6, 2007

Members, Board of Trustees:

## APPOINTMENT OF SUCCESSOR TRUSTEE

Recommendation: that the Board of Trustees appoint U.S. Bank National Association, Atlanta, Georgia, as the successor trustee to Farmers Bank & Capital Trust Company, Frankfort, Kentucky with regard to the University of Kentucky Housing and Dining System bonds.

Background: All outstanding bonds of the University of Kentucky Housing and Dining System were refunded, and funds were escrowed to support full defeasement of the bonds on October 18, 2006. Several series of outstanding bonds were advance refunded and cannot be called until various dates extending to June 1, 2018. Escrow funds have been placed on deposit with U.S. Bank, trustee for the university's General Receipt bonds, to pay all principal and interest as it becomes due on all refunded Housing and Dining System bonds.

Farmers Bank & Capital Trust is the trustee under the 1965 Housing and Dining System trust indenture. Accordingly, U.S. Bank must currently forward monies from the escrow funds to Farmers Bank, which in turn makes payments as due to the bond holders.

As a matter of efficiency with regard to payment of the remaining bond holders, Farmers Bank has agreed to resign as trustee, and U.S. Bank has agreed to be appointed as successor trustee with regard to the remaining refunded Housing and Dining System bonds. Besides simplifying the transfer of funds process, the change in trustees will save the university approximately \$12,000 per year.

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