

FCR 21

Office of the President
September 5, 2014

Members, Board of Trustees:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE
AND SALE OF GENERAL RECEIPTS OBLIGATIONS OF THE
UNIVERSITY OF KENTUCKY, PURSUANT TO THE TRUST AGREEMENT
DATED AS OF NOVEMBER 1, 2005.

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance, in one or more installments, of General Receipts Bonds in an approximate principal amount of \$370,000,000, and General Receipts Refunding Bonds in the principal amount or respective principal amounts required to accomplish the refunding of the Consolidated Educational Buildings Revenue Bonds, Series U, dated August 23, 2005 (the "Prior Bonds"), to be designated as "University of Kentucky General Receipts Bonds" or "University of Kentucky General Receipts Refunding Bonds," with such series designation that is appropriate to the order of issuance thereof (the "HealthCare Facilities, Student Center and Refunding Obligations"), and to be dated as of a date determined by the Treasurer.

The Resolution approves the issuance of the HealthCare Facilities, Student Center and Refunding Obligations for the purpose of (i) financing the projects identified in House Bill 235 of the General Assembly of the Commonwealth of Kentucky, 2014 Regular Session, as enacted, as "Renovate/Upgrade HealthCare Facilities" and "Renovate/Expand University Student Center" (the "HealthCare Facilities and Student Center") and (ii) refunding the Prior Bonds. The amounts authorized for new project costs are \$150,000,000 for Renovate/Upgrade HealthCare Facilities and \$160,000,000 for Renovate/Expand University Student Center (the additional authorization relates to issuance costs, capitalized interest, and an allowance for original issue discount in the sale price for the HealthCare and Student Center Projects and refunding Prior Bonds).

The Resolution also approves the offering for sale of the HealthCare Facilities, Student Center and Refunding Obligations in one or more installments, on a date or dates to be determined by the Treasurer of the University, upon the advice of the Financial Advisor to the University. The Resolution further authorizes the acceptance of the bid or bids for the sale of the HealthCare Facilities, Student Center and Refunding Obligations by the Treasurer. The exact principal amount of HealthCare Facilities, Student Center and Refunding Obligations to be sold will be determined on the date or dates of sale as the amount required to (i) pay the budgeted costs of the HealthCare Facilities and Student Center, (ii) fund any capitalized interest determined to be appropriate by the Treasurer of the University, (iii) refund the Prior Bonds, and (iv) pay the costs of issuing the HealthCare Facilities, Student Center and Refunding Obligations.

Pursuant to House Bill 235, the University of Kentucky Board of Trustees shall certify that these projects will not result in an increase in tuition. The Board of Trustees hereby authorizes the President to submit the required certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

Background: The General Assembly, at its 2014 Regular Session, authorized the issuance of revenue bonds to finance the HealthCare Facilities and Student Center. Additionally, conditions in the bond market may provide an opportunity to refund the Prior Bonds and achieve debt service savings. The HealthCare Facilities, Student Center and Refunding Obligations issued to refund the Prior Bonds may be sold as separate series and may be sold at different times, depending on market conditions.

The Board adopted a resolution approving a Trust Agreement dated as of November 1, 2005 (the "Trust Agreement") authorizing the issuance, from time to time, of Obligations (as defined in the Trust Agreement) to finance and refinance capital projects. The HealthCare Facilities, Student Center and Refunding Obligations will be issued under the Trust Agreement. The Resolution authorizes the issuance of the HealthCare Facilities, Student Center and Refunding Obligations in one or more installments, establishes certain specific terms of the HealthCare Facilities, Student Center and Refunding Obligations, provides for a competitive sale of the HealthCare Facilities, Student Center and Refunding Obligations, including approval of the forms of a Notice of Bond Sale, Official Terms and Conditions of Bond Sale, Official Bid Form and Official Statement, and authorizes Supplemental Trust Agreements, Escrow Agreements and Continuing Disclosure Agreements related to the HealthCare Facilities, Student Center and Refunding Obligations.

Action taken: Approved Disapproved Other _____

SERIES RESOLUTION

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF GENERAL RECEIPTS OBLIGATIONS OF THE UNIVERSITY OF KENTUCKY, PURSUANT TO THE TRUST AGREEMENT DATED AS OF NOVEMBER 1, 2005.

WHEREAS, the University of Kentucky (herein called the "University"), a public body corporate and an educational institution and agency of the Commonwealth of Kentucky, by resolution adopted by the Board of Trustees of the University on September 20, 2005 (herein called the "General Bond Resolution"), and by a Trust Agreement, dated as of November 1, 2005, as supplemented (herein called the "Trust Agreement"), comprised in part of the General Bond Resolution, has provided for the issuance from time to time of Obligations (as defined in the Trust Agreement) of the University secured by a pledge of the University's "General Receipts" (as defined in the Trust Agreement), each such issue to be authorized by a Series Resolution, as required by the Trust Agreement; and

WHEREAS, the Board has determined that it is necessary to finance the costs of the acquisition, construction, installation and equipping of the projects identified in H.B. 235 of the General Assembly of the Commonwealth of Kentucky, 2014 Regular Session, as enacted, as "Renovate/Upgrade HealthCare Facilities," and "Renovate/Expand University Student Center" (collectively, the "Project"); and

WHEREAS, by authority of Sections 162.340 to 162.380 of the Kentucky Revised Statutes, Chapter 56 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes (collectively, the "Act"), the University is authorized to issue its obligations to pay all or part of the costs of educational buildings, and to secure said obligations by a pledge of and lien on all or such part of the revenues and receipts of the University; and

WHEREAS, the University, under a resolution adopted by the Board of Trustees (the "Board") on September 20, 1960, as supplemented (the "Consolidated Education Resolution"), has provided for the issuance from time to time of Consolidated Educational Buildings Revenue Bonds and there are Consolidated Educational Bonds outstanding under the Consolidated Education Resolution identified as University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series U, dated August 23, 2005 (the "Prior Bonds"); and

WHEREAS, the Board of Trustees desires to provide for issuance and sale of University of Kentucky General Receipts Bonds and General Receipts Refunding Bonds in one or more series or subseries, and for other matters in connection therewith, by the adoption of this Resolution;

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

SECTION 1. Definitions and Interpretations. All words and terms defined in Section 1 of the Trust Agreement and all interpretations therein provided shall have the same meanings, respectively, and be subject to the same interpretations as therein provided where used in this Resolution, unless the context or use clearly indicates another or different meaning or intent,

except that this Resolution is sometimes herein called and may be known as the "2015 Series A Bond Resolution," the Obligations authorized by this Resolution are referred to herein (and in the Supplemental Trust Agreement or Supplemental Trust Agreements hereby authorized) as the "HealthCare Facilities, Student Center and Refunding Obligations" and the terms "hereof," "hereby," "hereto," "herein," and "hereunder," and similar terms, mean this Resolution.

SECTION 2. Authority. This Resolution is adopted pursuant to the General Bond Resolution, the Trust Agreement, and the Act.

SECTION 3. Authorization, Designation and Purpose of HealthCare Facilities, Student Center and Refunding Obligations. It is hereby declared to be necessary to, and the Board shall, issue, sell and deliver, as provided and authorized herein, General Receipts Bonds in an approximate principal amount of \$370,000,000, and General Receipts Refunding Bonds in the principal amount or respective principal amounts required to accomplish the refunding of the Prior Bonds, which shall be issued as General Receipts Bonds (collectively, the "Bonds"). Such Obligations shall be designated as "University of Kentucky General Receipts Bonds" or "University of Kentucky General Receipts Refunding Bonds," may be issued in one or more subseries and shall bear such further series designation or designations as the Fiscal Officer (as defined in the Trust Agreement) deems appropriate. Such Obligations shall be issued for the purpose of (i) financing the costs of the Project, (ii) refunding all or a portion of the Prior Bonds, and (iii) paying costs of issuance in connection with such Obligations. The proceeds from the sale of such Obligations shall be deposited and allocated as provided in Section 6 hereof.

In the event subsequent to the date of adoption of this Resolution, the conditions of the municipal bond market shall be such that the Fiscal Officer determines it is necessary to defer the refunding of all, or any of the Prior Bonds until a later date, the authorization contained in this Section 3 shall extend to the issuance of a separate sub series of Obligations for the purpose of refunding all or a portion of the Prior Bonds ("Series Refunding Obligations"), bearing such series or subseries designations as the Fiscal Officer may subsequently determine. If there shall be issued a series of Series Refunding Obligations hereunder, separate from the HealthCare Facilities, Student Center and Refunding Obligations, all subsequent sections of this Resolution referring to HealthCare Facilities, Student Center and Refunding Obligations shall be deemed to apply to the Series Refunding Obligations.

SECTION 4. Terms and Provisions Applicable to the HealthCare Facilities, Student Center and Refunding Obligations.

(a) Form, Numbering and Designation. The HealthCare Facilities, Student Center and Refunding Obligations shall be issued in the form of fully registered Obligations as approved by the Fiscal Officer, shall be numbered from 1 upwards, by series, and shall bear such series designation as the Fiscal Officer deems appropriate.

(b) Denomination and Dates. The HealthCare Facilities, Student Center and Refunding Obligations shall be in such denominations as requested by the Original Purchaser (hereafter defined), and shall be dated on the date or dates determined by the Fiscal Officer and may be issued in installments (each installment being a part of the HealthCare Facilities, Student Center and Refunding Obligations herein authorized) with maturity dates approved by the Fiscal

Officer, having a final maturity that is no later than thirty years from the date the respective installment of the HealthCare Facilities, Student Center and Refunding Obligations are issued.

(c) Interest. The HealthCare Facilities, Student Center and Refunding Obligations shall bear interest from their respective dates payable on dates approved by the Fiscal Officer, beginning on a date approved by the Fiscal Officer, at the rate or rates per annum determined pursuant to Section 5 hereof.

(d) Maturities. The HealthCare Facilities, Student Center and Refunding Obligations shall mature on such dates, in the years and in the principal amounts set forth in the maturity schedule approved by the Fiscal Officer pursuant to Section 5 hereof.

(e) Redemption Terms and Prices. The HealthCare Facilities, Student Center and Refunding Obligations shall be subject to optional and mandatory redemption on such dates and terms as approved by the Fiscal Officer, with the advice of the Financial Advisor (hereinafter identified) and set forth in the related Supplemental Trust Agreement. If less than all of the outstanding HealthCare Facilities, Student Center and Refunding Obligations are called for redemption at one time, they shall be called in the order of the maturities and series as directed by the Fiscal Officer. If less than all of the outstanding HealthCare Facilities, Student Center and Refunding Obligations of one maturity are to be called, the selection of such HealthCare Facilities, Student Center and Refunding Obligations or portions of HealthCare Facilities, Student Center and Refunding Obligations of such maturity to be called shall be made by lot in the manner provided in the Trust Agreement. Notice of call for redemption of HealthCare Facilities, Student Center and Refunding Obligations shall be given in the manner provided in the Trust Agreement.

(f) Other Provisions. The HealthCare Facilities, Student Center and Refunding Obligations may, at the option of the Fiscal Officer, be secured by municipal bond insurance or similar instrument issued by a financial or insurance institution acceptable to the Fiscal Officer.

(g) Place of Payment and Paying Agents. The principal, interest and any redemption premium on registered HealthCare Facilities, Student Center and Refunding Obligations shall be payable by check or draft, as provided in the Trust Agreement.

(h) Execution. The HealthCare Facilities, Student Center and Refunding Obligations shall be executed in the manner provided in the General Bond Resolution.

SECTION 5. Award and Sale of HealthCare Facilities, Student Center and Refunding Obligations. The HealthCare Facilities, Student Center and Refunding Obligations shall be offered publicly for sale upon the basis of competitive bids at such time as the Fiscal Officer, upon advice of the Financial Advisor to the University, shall designate.

The Fiscal Officer 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 and 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 Chapter 424 of the Kentucky Revised Statutes. 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 respective installments of the HealthCare Facilities, Student Center and Refunding Obligations.

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 for the University, by the Financial Advisor, by the General Counsel of the University and by the Fiscal Officer.

Bidders shall be advised that the fee of the Financial Advisor for services rendered with respect to the sale of HealthCare Facilities, Student Center and Refunding Obligations is contingent upon the issuance and delivery of the respective installment of the HealthCare Facilities, Student Center and Refunding Obligations.

Upon the date and at the respective hour set forth for the submission and consideration of purchase bids, as provided in the instruments hereinabove approved, bids shall be reviewed as provided in such instruments. 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 Fiscal Officer, 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 the applicable installment of HealthCare Facilities, Student Center and Refunding Obligations that are required to be issued in order to (i) pay the budgeted costs of the Project (ii) refund the Prior Bonds (if the Fiscal Officer determines that it is economical to refund the Prior Bonds) and (iii) pay the costs of issuing the HealthCare Facilities, Student Center and Refunding Obligations and the final principal amount, interest rates and maturities of the HealthCare Facilities, Student Center and Refunding Obligations shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

SECTION 6. Allocation of Proceeds of HealthCare Facilities, Student Center and Refunding Obligations. All of the proceeds from the sale of the HealthCare Facilities, Student Center and Refunding Obligations and other lawfully available funds of the University shall be received and receipted for by the Fiscal Officer and shall be deposited and allocated as set forth in the applicable Supplemental Trust Agreement approved hereby.

SECTION 7. Additional Covenants with Respect to Internal Revenue Code of 1986, as Amended. This Board hereby finds and determines that all of the proceeds from the sale of the HealthCare Facilities, Student Center and Refunding Obligations will be needed for the purposes set forth in Section 6 hereof. This Board hereby covenants for and on behalf of the University, that, unless it is determined by the Fiscal Officer with the advice of special bond counsel to the University that compliance with the requirements of the Code cannot be accomplished with respect to a particular installment of the Obligations, it will restrict the use of the proceeds of the HealthCare Facilities, Student Center and Refunding Obligations in such manner and to such extent, if any, and take such other actions as may be necessary, in view of reasonable expectations at the time of issuance of the HealthCare Facilities, Student Center and Refunding

Obligations, so that the HealthCare Facilities, Student Center and Refunding Obligations will not constitute obligations the interest on which is subject to federal income taxation or "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations prescribed under such Sections. The Fiscal Officer or any other officer of the University having responsibility with respect to issuance of the HealthCare Facilities, Student Center and Refunding Obligations is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the HealthCare Facilities, Student Center and Refunding Obligations, setting forth the facts, estimates and reasonable expectations pertinent under said Sections 103(b)(2) and 148 of the Code. The Fiscal Officer is hereby authorized and directed to create a Rebate Account (which shall be held by either the University or the Trustee, at the discretion of the Fiscal Officer) if the Fiscal Officer determines such account is necessary so that the University complies with the rules concerning "rebate" as set forth in the Code, as they apply to the HealthCare Facilities, Student Center and Refunding Obligations.

SECTION 8. Supplemental Trust Agreement. The Chairman of the Board is authorized and directed to execute, acknowledge and deliver to the Trustee, in the name of and on behalf of the University, one or more Supplemental Trust Agreement pursuant to the Trust Agreement and in connection with the issuance of each series or subseries of the HealthCare Facilities, Student Center and Refunding Obligations, in the prescribed form, with such changes therein not substantially adverse to the University as may be permitted by the Act and the Trust Agreement and approved by the officer executing the same on behalf of the University. The approval of such changes, and that such changes are not substantially adverse to the University, shall be conclusively evidenced by the execution of such Supplemental Trust Agreement by such officer.

SECTION 9. Official Statements. The Chairman is hereby authorized and directed to execute and deliver an Official Statement with respect to each series or subseries of the HealthCare Facilities, Student Center and Refunding Obligations for the purpose of making available to potential investors the information therein contained, which describes the interest rates and other terms to be borne by and the price to be paid for the HealthCare Facilities, Student Center and Refunding Obligations, as applicable, and such other information with respect to the University and the HealthCare Facilities, Student Center and Refunding Obligations, necessary in the judgment of the Chairman with the advice of the Fiscal Officer and the Financial Advisors. The Chairman and the Fiscal Officer are each hereby authorized to deem each Preliminary Official Statement and final Official Statement "near final" and "final" for purposes of Securities Exchange Commission Rule 15c2-12, as amended and interpreted from time to time, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule").

SECTION 10. Compliance With Rule 15c2-12. The Board of Trustees hereby agrees, to comply with the provisions of the Rule. In order to comply with the Rule, related Continuing Disclosure Agreements in the usual and customary form are hereby authorized and approved, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Fiscal Officer are each hereby authorized to execute and deliver such Continuing Disclosure Agreements.

SECTION 11. Escrow Trust Agreements. The Chairman of the Board and the Fiscal Officer are each separately authorized and directed, if the refunding of the Prior Bonds is determined to be economically feasible, to execute, acknowledge and deliver to the Trustee and Paying Agent for the Prior Bonds, in the name of and on behalf of the University, one or more Escrow Trust Agreements relating to the defeasance of the Prior Bonds under the provisions of the General Bond Resolution, in substantially the form described to this Board, as may be permitted by the Act or required by the General Bond Resolution, and approved by the officer executing the same on behalf of the University. The approval of the final Escrow Trust Agreements shall be conclusively evidenced by the execution of such Escrow Trust Agreements by such officer.

SECTION 12. Open Meetings. This Board hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of its committees, if any, which resulted in formal action, were taken in meetings open to the public, in full compliance with applicable legal requirements.

SECTION 13. Further Authorization. That the proper and appropriate officers of the Board and of the University, to the extent authorized by law, are hereby authorized to execute and deliver the closing certificates, if any, with such modifications thereto as may be required by the purchasers of the HealthCare Facilities, Student Center and Refunding Obligations and approved by special bond counsel to the University as well as such other documents, certificates and statements as may be so required and so approved in connection with sale and delivery of the HealthCare Facilities, Student Center and Refunding Obligations.

SECTION 14. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby rescinded to the extent of such conflict.

SECTION 15. Effective Date. This resolution shall take effect from and after its passage.

SECTION 16. Copy to be Filed with Trustee. A certified copy of this Resolution shall be filed with the Trustee

Adopted September 5, 2014.

Chairman, Board of Trustees
University of Kentucky

(SEAL)

Attest:

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 September 5, 2014, 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 61.800 to 61.850, 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 ____ day of _____,
201__.

Secretary, Board of Trustees
University of Kentucky

(SEAL)