

# FCR 3

Office of the President  
June 10, 2014

Members, Board of Trustees:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE  
AND SALE OF GENERAL RECEIPTS REFUNDING BONDS 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 of University of Kentucky General Receipts Obligations, to be designated University of Kentucky General Receipts Refunding Bonds (the "Refunding Obligations"), to be issued in one or more series or subseries, and to be dated as of a date determined by the Treasurer.

The Resolution approves the issuance of Refunding Obligations for the purpose of: (i) refunding the outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series P, Q and R (Second Series), dated March 31, 2004 (the "Prior Consolidated Education Bonds"); (ii) paying the costs of terminating certain Financing Agreements with the Kentucky Asset/Liability Commission and the Finance and Administration Cabinet of the Commonwealth of Kentucky (the "Financing Agreements"); and (iii) refunding the outstanding University of Kentucky General Receipts Bonds, 2005 Series A, dated December 13, 2005 and University of Kentucky General Receipts Bonds, 2006 Series A, dated August 3, 2006 (collectively, the "Prior General Receipts Bonds," and together with the Prior Consolidated Education Bonds and the Financing Agreements, the "Prior Obligations".)

The Resolution also approves the offering for sale of the Refunding Obligations, in one or more series, on the 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 bids for the sale of the Refunding Obligations by the Treasurer. The exact principal amount of Refunding Obligations to be sold will be determined on the date of sale as the amount required to (i) refund the Prior Obligations and (ii) pay the costs of issuing the Refunding Obligations.

Background: Conditions in the bond market may provide an opportunity to refund the Prior Obligations and achieve debt service savings. The Refunding Bonds will 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 Refunding Obligations will be

issued under the Trust Agreement. The Resolution authorizes the issuance of the Refunding Obligations; establishes the specific terms of the Refunding Obligations; provides for a competitive sale of the Refunding Obligations, including approval of a Notice of Bond Sale, Official Terms and Conditions of Bond Sale, Official Bid Form and an Official Statement; and authorizes a Supplemental Trust Agreement and Continuing Disclosure Agreement with respect to the Refunding Obligations.

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

## **SERIES RESOLUTION**

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF GENERAL RECEIPTS REFUNDING BONDS 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, 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 construct educational building facilities, to issue its obligations to pay all or part of the costs of such facilities, 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 P, Q and R (Second Series), dated March 31, 2004 (the "Prior Consolidated Education Bonds"); and

WHEREAS, the University, under the General Bond Resolution and resolutions adopted by the Board on September 20, 2005 and September 12, 2006, has previously approved Financing Agreements (the "Financing Agreements") with the Kentucky Asset/Liability Commission (the "Commission") and the Finance and Administration Cabinet of the Commonwealth of Kentucky, which constitutes an Obligation under the General Bond Resolution, and requested that the Commission issue its University of Kentucky General Receipts Project Notes, 2005 Series A, dated November 8, 2005, University of Kentucky General Receipts Project Notes, 2007 Series A, dated November 1, 2007 and University of Kentucky General Receipts Project Notes, 2007 Series B, dated November 29, 2007 (collectively, the "ALCo Notes"); and

WHEREAS, the University, under the General Bond Resolution and a Series Resolutions adopted by the Board on October 20, 2005 and June 13, 2006, has previously issued General Receipts Bonds and there are General Receipts Bonds outstanding under the General Bond Resolution identified as University of Kentucky General Receipts Bonds, 2005 Series A, dated December 13, 2005 and University of Kentucky General Receipts Bonds, 2006 Series A, dated

August 3, 2006 (collectively, the "Prior General Receipts Bonds," and together with the Prior Consolidated Education Bonds and the ALCo Notes, the "Prior Obligations"); and

WHEREAS, in order to achieve debt service savings, the Board has determined, if interest rates prevailing in the bond market at the time of sale of the Obligations hereby authorized are favorable, to refund some or all of the Prior Obligations so that the Prior Obligations will no longer be outstanding under the Consolidated Education Resolution and the General Bond Resolution, and to pay the costs of terminating the Financing Agreements, pursuant to Article XI thereof; and

WHEREAS, the Board of Trustees, in order to refund the Prior Obligations, desires to provide for issuance and sale of University of Kentucky General Receipts Refunding Bonds 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 General Bond Resolution 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 "2014 Series D 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 "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 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 Obligations which shall be issued as General Receipts Bonds (the "Refunding Obligations") in the principal amount or respective principal amounts required to accomplish the refunding of the Prior Obligations. Such Refunding Obligations shall be designated "University of Kentucky General Receipts Refunding Bonds," may be issued in one or more subseries and shall bear such further series and subseries designations as the Fiscal Officer (as defined in the Trust Agreement) deems appropriate. Such Refunding Obligations shall be issued for the purpose of (i) refunding all or a portion of the Prior Obligations, and (ii) paying costs of issuance in connection with such Refunding Obligations. The proceeds from the sale of the Refunding 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 Obligations 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 Obligations ("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 Refunding Obligations, all subsequent sections of this Resolution referring to Refunding Obligations shall be deemed to apply to the Series Refunding Bonds.

SECTION 4. Terms and Provisions Applicable to the Refunding Obligations.

(a) Form, Numbering and Designation. The 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 designations as the Fiscal Officer deems appropriate.

(b) Denomination and Dates. The Refunding Obligations shall be in such denominations as requested by the Original Purchaser (hereafter defined), and shall be dated on the date determined by the Fiscal Officer and may be issued in installments (each installment being a part of the Refunding Obligations, as applicable, herein authorized) with maturity dates approved by the Fiscal Officer, having a final maturity that is no later than the last day of the fiscal year in which the refunded Prior Obligations are scheduled to mature.

(c) Interest. The 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 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 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 Supplemental Trust Agreement. If less than all of the outstanding Refunding Obligations, as applicable, 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 Refunding Obligations of one maturity are to be called, the selection of such Refunding Obligations or portions 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 such Refunding Obligations shall be given in the manner provided in the Trust Agreement.

(f) Other Provisions. The 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 Refunding Obligations shall be payable by check or draft, as provided in the Trust Agreement.

(h) Execution. The Refunding Obligations shall be executed in the manner provided in the General Bond Resolution.

SECTION 5. Award and Sale of the Refunding Obligations. The 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 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 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 the Refunding Obligations is contingent upon the issuance and delivery of the 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 Refunding Obligations that are required to be issued in order to (i) refund the Prior Obligations (if the Fiscal Officer determines that it is economical to refund the Prior Obligations) and (ii) pay the costs of issuing the Refunding Obligations and the final principal amount, interest rates and maturities of the Refunding Obligations shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

SECTION 6. Allocation of Proceeds of Refunding Obligations. All of the proceeds from the sale of the 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 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 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 it will restrict the use of the proceeds of the 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 such Refunding Obligations, so that the 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 Refunding Obligations is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the Refunding Obligations, setting forth the facts, estimates and reasonable expectations pertinent under said Sections 103(b)(2) and 148 of the Code and an election, if appropriate, with respect to Section 148(f)(4)(B)(IV)(V) 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 Refunding Obligations.

SECTION 8. Supplemental Trust Agreements. 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 Agreements pursuant to the Trust Agreement and in connection with the issuance of each series or subseries of the 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 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 related Refunding Obligations, and such other information with respect to the University and the 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 the 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, a Continuing Disclosure Agreement in the usual and customary form is 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 Agreement.

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 Obligations is determined to be economically feasible, to execute, acknowledge and deliver to U.S. Bank, National Association as Trustee and Paying Agent for the Prior General Receipts Bonds and the ALCo Notes, in the name of and on behalf of the University, one or more Escrow Trust Agreements relating to the defeasance of the Prior Obligations under the provisions of the General Bond Resolution and the Financing Agreements, in substantially the form described to

this Board, as may be permitted by the Act or required by the General Bond Resolution or the Financing Agreements, 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 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 Refunding Obligations, including, without limitation, the termination or modification or amendment, in accordance with their respective terms, of certain investment agreements relating to the reserve funds established for the Prior Bonds. In connection with the prospective termination, modification or amendment of such investment agreements, J.J.B. Hilliard, W.L. Lyons, as Financial Advisor to the University, and Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as Bond Counsel, are directed to undertake such actions on behalf of the University relating to the negotiation of the terms of such termination, modification or amendment as may be necessary to enable the Fiscal Officer to execute such termination, modification or amendment.

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 \_\_\_\_\_, 2014

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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 \_\_\_\_\_, 2014, as recorded in the official Minute Books 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 61.823, 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 as the Secretary of said Board this \_\_\_\_ day of \_\_\_\_\_, 2014.

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Secretary, Board of Trustees  
University of Kentucky