

# FCR 6

Office of the President  
June 17, 2022

Members, Board of Trustees:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE  
AND SALE OF APPROXIMATELY \$171,260,000 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 approximately \$171,260,000 of University of Kentucky General Receipts Obligations, to be designated as “University of Kentucky General Receipts Bonds” with such series designation or designations that are appropriate to the order of issuance thereof (the “Preservation and Modernization Bonds”) and to be dated as of a date determined by the treasurer, or, in lieu of issuing the Preservation and Modernization Bonds, to enter into a Financing Agreement (the “Financing Agreement”) with the Kentucky Asset/Liability Commission (“ALCo”) or a lease (the “Lease”) with the State Property and Buildings Commission of the Commonwealth of Kentucky (“SPBC”) (the obligations authorized by the resolution and evidenced by the Preservation and Modernization Bonds, Financing Agreement or Lease being referred to herein collectively as “Preservation and Modernization Obligations”).

The resolution approves the issuance of the Preservation and Modernization Bonds for the purpose of financing the project identified in House Bill 1 of the General Assembly of the Commonwealth of Kentucky, 2022 Regular Session, as enacted, as (i) “Asset Preservation Pool 2022-2024” and (ii) “Facilities Renewal and Modernization Additional Authorization,” (collectively, the “Project”). The amount authorized for project costs is \$171,260,000 (the authorization allows for issuance costs, capitalized interest, and an allowance for original issue discount in the sale price for the Project). As an alternative to issuing the Preservation and Modernization Bonds to finance the Project, the resolution authorizes (i) entering into the Financing Agreement with ALCo, or (ii) entering into the Lease with SPBC, with such Financing Agreement or Lease to be in the form prescribed by ALCo or the SPBC, as applicable.

The resolution also approves the offering for sale of the Preservation and Modernization 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 Preservation and Modernization Obligations by the treasurer. The exact principal amount of Preservation and Modernization 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 Project, (ii) fund any capitalized interest determined to be appropriate by the treasurer of the university and (iii) pay the costs of issuing the Preservation and Modernization Obligations.

Approval of the resolution declares the Board of Trustees’ official intent that the proceeds of the Preservation and Modernization Obligations will be used, in whole or in part, to reimburse

authorized expenditures for the proposed project, to be located on the campus of the university, made prior to the issuance of such Obligations.

Background: As depicted below, the General Assembly, at its 2022 Regular Session, authorized the issuance of agency bonds to finance the “Asset Preservation Pool 2022-2024” and the “Facilities Renewal and Modernization Additional Reauthorization” projects.

	2022-2023	2023-2024	Biennium Total (JK Bonds)
Asset Preservation Pool 2022-2024			
Bond Funds			
Agency Bonds	\$77,098,000	\$77,098,000	
Total	<u>\$23,130,000</u>	<u>\$23,130,000</u>	\$46,260,000
	\$100,228,000	\$100,228,000	
Facilities Renewal and Modernization Additional Reauthorization			
Agency Bonds	\$125,000,000	\$0	\$125,000,000
Restricted Funds	<u>\$125,000,000</u>	<u>\$0</u>	
Total	<u>\$250,000,000</u>	<u>\$0</u>	
<b>Total</b>	<b>\$350,228,000</b>	<b>\$100,228,000</b>	<b>\$171,260,000</b>

At its September 2005 meeting, the Board of Trustees 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 capital projects. The Preservation and Modernization Obligations will be issued under the Trust Agreement. Obligations include agency bonds, financing agreements with ALCo and lease agreements with SPBC. The resolution authorizes the issuance of the Preservation and Modernization Obligations, in one or more installments, establishes certain specific terms of the Preservation and Modernization Obligations; provides for a competitive sale of the Preservation and Modernization 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 and Continuing Disclosure Agreements related to the Modernization Project Obligations.

Pursuant to the income tax regulations of the Internal Revenue Service, in order for expenditures made for a public project prior to the issuance of revenue bonds to be reimbursed upon the issuance of such bonds, it is necessary that the issuer express its official intent to issue such bonds or to have such bonds issued on its behalf and to reimburse such expenditures made prior to the issuance of such bonds.

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