Members, Board of Trustees:


Recommendation: that the Board of Trustees adopt a Resolution approving a Financing Agreement dated as of November 1, 2005 (the "Financing Agreement") among the university, the Finance and Administration Cabinet of the Commonwealth of Kentucky and the Kentucky Asset/Liability Commission ("ALCo"), having an aggregate principal component of financing payments of approximately $100,000,000.

The Resolution approves the Financing Agreement which requests that ALCo issue approximately $100,000,000 of its notes (the "Notes") for the purpose of financing a portion of the costs of the Patient Care Facility - Hospital (the "Project"). The exact principal amount of Notes to be issued will be determined as the amount required to (i) pay the budgeted costs of up to $100,000,000 for Project, (ii) capitalize interest during construction of the Project, and (iii) pay the costs of issuing the Notes.

Background: That 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). Obligations include Financing Agreements with ALCo. Payments under the Financing Agreement will be secured by a pledge of the General Receipts (as defined in the Trust Agreement) of the university. The financing Agreement will be the first Obligations issued under the Trust Agreement.

Action taken: ☑ Approved  ☐ Disapproved  ☐ Other ________________

WHEREAS, pursuant to Section 56.860 et seq. of the Kentucky Revised Statutes (the "Act"), the Kentucky Asset/Liability Commission (the "Commission") was created and exists as an independent agency and constituted authority of the Commonwealth of Kentucky (the "Commonwealth") and is authorized to issue Project Notes, as defined in the Act, at the request of the Cabinet, as defined in the Act, to provide financing for Authorized Projects, as defined in the Act; and

WHEREAS, the General Assembly pursuant to H.B. 267 of the General Assembly of the Commonwealth of Kentucky, 2005 Regular Session (the "Budget Act") authorized the issuance of $100,000,000 of bonds by or for the State Agency, which bonds are to be issued for the purpose of paying costs related to the Patient Care Facility - Hospital (the "Project"), which Project constitutes an Authorized Project, as defined in the Act; and

WHEREAS, the Finance and Administration Cabinet (the "Cabinet") has requested, in accordance with the Act, that the Commission issue and sell Project Notes to provide funds for the Project; and

WHEREAS, the Commission has determined to provide financing for the Project through the issuance of its Project Notes, 2005 Agency Fund Third Series (the "Notes"); and

WHEREAS, the State Agency desires to authorize the Financing/Lease Agreement (the "Financing Agreement") among the State Agency, the Commission and the Cabinet to provide financing for the Project; and

WHEREAS, by a resolution adopted by the Board of Trustees (the "Board") of the State Agency on September 20, 2005 (the "General Bond Resolution"), and by a Trust Agreement, dated as of November 1, 2005 (the "Trust Agreement"), the State Agency has provided for the issuance from time to time of Obligations (as defined in the Trust Agreement) of the State Agency secured by a pledge of the State Agency'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 Financing Agreement constitutes an Obligation under the terms of the Trust Agreement and the State Agency has, or will have in all respects complied with the provisions of the Trust Agreement so as to be entitled to execute and deliver Obligations thereunder; and

WHEREAS, this Resolution is adopted by the Board pursuant to the General Bond Resolution and constitutes a Series Resolution within the meaning of the General Bond Resolution and the Trust Agreement;

NOW THEREFORE, it is hereby resolved and ordered by the Board of Trustees of the University of Kentucky as follows:
Section 1. Determinations. The State Agency hereby finds and determines that (a) it ratifies and affirms its request that the Commission issue the Notes for the purpose of paying the costs of the Project; (b) it is necessary to execute and deliver the Financing Agreement in order to provide for a source of payment for the Notes; and (c) approval of the Project described in the Financing Agreement is hereby ratified and confirmed.

Section 2. The Financing Agreement and Other Documents. As evidence of its obligations in this Resolution, the Chairman is hereby authorized to execute, acknowledge and deliver, on behalf of the State Agency, the Financing Agreement, in substantially the form submitted to the State Agency, which is hereby approved, with such changes therein not inconsistent with this Resolution and not substantially adverse to the State Agency as may be permitted by the Act and approved by such officer. The approval of such changes by such officer, and that such changes are not substantially adverse to the State Agency, shall be conclusively evidenced by the execution of the Financing Agreement by such officer. The Chairman and Treasurer are hereby separately authorized to take any and all actions and to execute such other instruments that may be necessary or appropriate in the opinion of Peck, Shaffer & Williams LLP, as bond counsel for the Notes, in order to affect the issuance of the Notes and the intent of this Resolution.

Section 3. Financing Agreement an Obligation. This resolution constitutes a Series Resolution as contemplated by the General Bond Resolution; and the Financing Agreement is hereby deemed an Obligation within the meaning of the Trust Agreement, shall be issued in accordance with the terms of the Trust Agreement, with Financing Payments, as defined in the Financing Agreement, deemed Debt Service Charges within the meaning of the Trust Agreement, and with the payment of such Debt Service Charges secured, according to their true intent and meaning, by all pledges, covenants and agreements set forth in the Trust Agreement, subject to all the terms and conditions of the Trust Agreement.

Section 4. Effective Date. This resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED this 20th day of September, 2005.

Chairman, Board of Trustees of the University of Kentucky

Attest:

Secretary, Board of Trustees of the University of Kentucky
CERTIFICATION

I, the undersigned, do hereby certify that I am duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, and as such officer I further certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the members of said Board at a meeting properly held on September 20, 2005, has been duly executed and is now in full force and effect, all as appears in the official records of said Board in my possession and under my control.

I further certify that said meeting held on September 20, 2005, was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

WITNESS my hand this _____ day of _____________, 2005.

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Secretary, Board of Trustees of the University of Kentucky