

A RESOLUTION AUTHORIZING THE ISSUANCE OF \$8,450,000  
WESTERN KENTUCKY UNIVERSITY CONSOLIDATED EDUCA-  
TIONAL BUILDINGS REVENUE BONDS, SERIES I

RECITALS

A. The Board of Regents (the "Board") of Western Kentucky University (formerly Western Kentucky State College), by Resolution entitled:

"A RESOLUTION creating and establishing a Consolidated Educational Buildings Project of the Western Kentucky State College; creating and establishing an issue of Consolidated Educational Buildings Revenue Bonds of the Board of Regents of the Western Kentucky State College; providing for the issuance from time to time of said bonds; providing for the payment of the principal of and interest on said bonds and repealing all resolutions or parts of resolutions in conflict with this resolution",

heretofore adopted on August 15, 1960 (hereinafter referred to as the "Basic Resolution") has created and established an issue of Western Kentucky University Consolidated Educational Buildings Revenue Bonds (the "Bonds").

B. The Basic Resolution authorizes the issuance by the Board of the Bonds in one or more series pursuant to a resolution authorizing each such series.

C. The Board has determined that it is in its best interest to authorize at this time an additional series of Bonds to be designated "Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I"; the Board having previously authorized, sold, issued and delivered eight (8) prior issues of Bonds designated "Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series A, Series B, Series C, Series D, Series E, Series F, Series G and Series H."

BOND RESOLUTION

D. Mandatory provisions of the Tax Equity and Fiscal Responsibility Act of 1982 require that any new series of the Bonds be issued in fully registered form, with the result that procedures for the issuance, payment, registration, and transfer of the Bonds of any such new series will necessarily differ in some particulars from the procedures applicable to the coupon form of the eight (8) prior issues previously issued.

NOW, THEREFORE, the Board of Regents of Western Kentucky University hereby resolves as follows:

## ARTICLE 1

### DEFINITIONS AND AUTHORITY.

SECTION 1.1. Series I Resolution. This resolution (hereinafter referred to as the "Series I Resolution") is adopted in accordance with Article II, Section 2.03, of the Basic Resolution.

#### SECTION 1.2. Definitions.

A. All terms which are defined in Article I of the Basic Resolution shall have the same meanings herein as such terms are given therein.

B. "Series I Bonds" means the Bonds authorized by Article 2 of this Series I Resolution, which Bonds shall be substantially in the form attached as Exhibit A hereto.

SECTION 1.3. Authority. This Series I Resolution is adopted pursuant to the provisions of Section 162.340, et seq., of the Kentucky Revised Statutes and the Basic Resolution.

## ARTICLE 2

### AUTHORIZATION OF SERIES I BONDS.

SECTION 2.1. Series I Bonds Authorized. Pursuant to the provisions of the Basic Resolution, there is hereby authorized to be issued by the Board in its corporate capacity, the Series I Bonds in the aggregate principal amount of Eight Million Four Hundred Fifty Thousand Dollars (\$8,450,000). Such Bonds shall be designated as "Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I." The Series I Bonds have been

authorized under the Basic Resolution and in conformity with the provisions of Section 7.10 of the Basic Resolution.

SECTION 2.2. Purpose of Issue. The Series I Bonds are being issued for the purpose of paying the costs (to the extent not otherwise provided) of educational buildings and necessary appurtenances on property owned by Western Kentucky University in Warren County, Kentucky ("the Series I Project"), including the following anticipated capital projects to become a part of the Consolidated Educational Buildings Project: various deferred maintenance projects, equipment, livestock holding pens, and chemistry lab renovation.

SECTION 2.3. Bond Maturities. The Series I Bonds shall be dated on original issuance as of November 1, 1986, and bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 1987, at an interest rate or rates to be fixed as a result of advertised sale and competitive bidding for the Series I Bonds as hereinafter provided. The principal of the Series I Bonds shall be scheduled to become due and payable on May 1 of the respective years, as follows:

<u>Aggregate Principal Amount</u>	<u>Date of Maturity May 1</u>
\$125,000	1988
170,000	1989
180,000	1990
185,000	1991
200,000	1992
210,000	1993
220,000	1994
240,000	1995
310,000	1996
295,000	1997
310,000	1998
330,000	1999
350,000	2000
370,000	2001
750,000	2002
825,000	2003
760,000	2004
815,000	2005
870,000	2006
935,000	2007

SECTION 2.4. Type of Bonds. The Series I Bonds shall be issued in fully registered form in denominations designated by the purchasers thereof in multiples of \$5,000 or any integral multiple thereof in substantially the form attached as Exhibit A hereto.

SECTION 2.5. Registration and Transfer. Bowling Green Bank & Trust Company, Bowling Green, Kentucky, is hereby designated as Registrar and Paying Agent for the Series I Bonds. Each of the Series I Bonds shall be authenticated and dated by the Registrar and Paying Agent as of the date of original issuance of the Series I Bonds or as of the last interest payment date to which interest thereon has been paid or made available for payment, unless the date of authentication is an interest payment date on which interest has been paid or made available for payment, in which case it shall be dated as of such interest payment date. The Registrar and Paying Agent shall establish and maintain at its principal office books for the registration and transfer of the Series I Bonds. Each of the Series I Bonds may be transferred or exchanged only upon payment of any required tax, fee, or other governmental charge and upon an assignment duly executed by the registered owner or his duly authorized attorney in such form and with guarantee as shall be satisfactory to the Registrar and Paying Agent, such transfer to be made on such books by the Registrar and Paying Agent. Upon such transfer, a new fully registered Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount shall be issued to the transferee in exchange therefor. The Board and the Registrar and Paying Agent shall not be required to issue, transfer, or exchange any of the Series I Bonds after the mailing of a notice calling such Bond for redemption as provided herein, nor to transfer or exchange any such Bond selected, called or being called for redemption in whole or in part. The person in whose name each of the Series I Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal of or interest on such Bond shall be made only upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

SECTION 2.6. Payment. The principal of each of the Series I Bonds shall be payable to the registered owner or his legal representative in any coin or currency which at the time of the payment thereof shall be legal tender for the payment of public and private debts at the principal

office of the Registrar and Paying Agent on the maturity thereof or the date fixed for mandatory redemption thereof as provided in this Series I Resolution.

The interest on each of the Series I Bonds shall be payable on the interest payment dates provided in Section 2.3 to the registered owners or their legal representatives as the same appears on the records of the Registrar and Paying Agent at the close of business on the fifteenth day of the month preceding each interest payment date (April 15 and October 15, respectively).

SECTION 2.7. Provisions for Prior Redemption. The Series I Bonds maturing May 1, 1997 and thereafter shall be subject to redemption at the option of the Board in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1996, at the redemption prices, expressed in percentages of principal amount with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed:</u>	<u>Redemption Price</u>
On or after May 1, 1996 and prior to May 1, 1999	103%
On or after May 1, 1999 and prior to May 1, 2003	102%
On or after May 1, 2003 and prior to final maturity	101%

Notice of any such optional redemption shall be given at least thirty (30) days prior to the redemption date by mailing to the owners of the Bonds to be redeemed, by registered mail, a notice fixing the redemption date and the premium, if any, to be paid. The Series I Bonds called for redemption and for the payment of which funds are deposited with the Registrar and Paying Agent on the specified redemption date shall cease to bear interest on said redemption date. Any of the Series I Bonds that are to be redeemed only in part shall be surrendered to the Registrar and Paying Agent (with, if the Registrar and Paying Agent so requires, due endorsement by, or a written instrument of transfer in form and with guarantee satisfactory to the Registrar and Paying Agent duly executed by, the holder or his duly authorized attorney) and the Registrar and Paying

Agent shall authenticate and deliver to the holder of such Bond a new fully registered Bond or Bonds of the same maturity, of authorized denomination or denominations, for the aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

SECTION 2.8. Execution and Authentication of Bonds. The Series I Bonds shall be executed on behalf of the Board with the reproduced facsimile signature of the Chairman of the Board and attested by the reproduced facsimile signature of the Secretary of the Board, and the facsimile of the corporate seal of the Board shall be imprinted thereon. The Series I Bonds shall be authenticated by the manual signature of a duly authorized officer of the Registrar and Paying Agent.

SECTION 2.9. Security for Bonds; Trustee. For the purpose of securing the payment of both the principal and interest on the Series I Bonds (and any additional parity bonds which may hereafter be issued and outstanding pursuant to the conditions and restrictions set forth in Section 7.10 of the Basic Resolution), and to secure for the benefit of all the holders of the Series I Bonds the faithful performance of the covenants and provisions contained in the Basic Resolution in the manner and to the extent as permitted and provided in the Basic Resolution and in Sections 162.340 et seq., of the Kentucky Revised Statutes, as amended, Bowling Green Bank & Trust Company, Bowling Green, Kentucky, is hereby designated as Trustee under the Basic Resolution for the holders of all of the Bonds authorized under the Basic Resolution, including the Series I Bonds, with the powers and duties set forth in the Basic Resolution and with no liability in connection with any action or omission to act under the Basic Resolution except for its own negligence or willful breach of trust. Execution of a certificate of the Trustee in connection with the delivery of the Series I Bonds shall conclusively establish the acceptance as to the Series I Bonds by the Trustee of the trusts and provisions with respect thereto as set forth in the Basic Resolution.

SECTION 2.10. Form of Bonds. The Series I Bonds and the certificate of the Registrar and Paying Agent to be endorsed on the Series I Bonds shall be in substantially the forms set forth as Exhibit A to this Series I Resolution.

SECTION 2.11. Conditions of Sale of Bonds. The Series I Bonds shall be offered at public sale or public sales upon sealed bids. The Vice President for Business Affairs and Treasurer of Western Kentucky University (who is hereby recognized and designated as the Treasurer of the Board for

all purposes of this Series I Resolution and who is hereinafter referred to as the "Treasurer") is hereby authorized and directed to cause an appropriate form or forms of a Notice of Bond Sale of the Series I Bonds to be published in The Courier-Journal, Louisville, Kentucky, which will afford state-wide notice of the sale, and in The Daily Bond Buyer, New York, New York, which is a publication having general circulation among bond buyers, and such publications are hereby declared to be qualified to publish such notices for the Board of Regents within the meaning and provisions of KRS Chapter 424. The Notice of Bond Sale shall be in substantially the form prepared by Wyatt, Tarrant & Combs, Bond Counsel to the Board, as set forth in Exhibit B to this Series I Resolution.

The Series I Bonds shall be offered as a whole, at not less than 98.0% of par, plus accrued interest, in multiples of 1/8 or 1/20 of 1%. Interest rates shall be on an ascending scale, with the difference between the highest and lowest rate not to exceed 5%. Only bids submitted on the Official Bid Form shall be given favorable consideration. The Official Bid Form shall be in substantially the form prepared by Bond Counsel, as set forth in Exhibit C to this Series I Resolution.

The right to reject any or all bids shall be expressly reserved in the Board. On the occasion set forth in such notice the Board, or its Executive Committee, as the case may be, shall consider all proposals made pursuant to such notice, and if an acceptable bid is received, shall award the Series I Bonds in the manner and for the purposes herein provided, shall establish the interest rate or rates which the Series I Bonds shall bear, and shall take all other necessary and proper steps in the sale and issuance of the Series I Bonds.

The Treasurer, in conjunction with First Kentucky Securities Corporation, Financial Advisor to the Board, and Bond Counsel may cause to be prepared multiple copies of one or more Official Terms and Conditions of Bond Sale giving more complete and particular descriptions of the Series I Bonds, provisions for the security and payment thereof, disposition of bond proceeds and other information that it is not feasible to give within the limits of the published notice or notices, and may furnish copies of such Official Terms and Conditions of Bond Sale to all interested bidders upon request in substantially the form prepared by Bond Counsel, as set forth in Exhibit D to this Series I Resolution.

The Financial Advisor to the Board shall prepare an "Official Statement" for the purpose of providing adequate information to prospective bidders, and the same shall be examined on behalf of the Board by the Treasurer, shall be approved by the Treasurer prior to the use thereof in connection with the sale of the Series I Bonds, and shall be executed on behalf of the Board by the Chairman as evidence of his approval.

SECTION 2.12. Disposition of Proceeds of Bonds; Construction Account. Upon the delivery of the Series I Bonds, the proceeds thereof, together with interest accrued thereon to the date of their delivery, if any, shall be transferred to the Trustee and deposited as follows:

A. a sum equal to the interest accrued on the Series I Bonds from November 1, 1986 to the date the Series I Bonds are delivered shall be deposited in the "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund" established by the Basic Resolution) and applied to the payment of the interest becoming due on the Series I Bonds on May 1, 1987; and

B. a sum approved by the Treasurer upon the advice of the Financial Advisor to the Board shall be deposited in the Bond Fund for the purpose of funding the debt service reserve in the Bond Fund in an amount which, together with other funds expected to be available during the current biennium for such purpose, shall equal the maximum Aggregate Principal, Interest and Bond Fund Charges as defined in the Basic Resolution; and

C. the entire balance of the proceeds of the Series I Bonds remaining after the deposit of accrued interest thereon shall be transferred to the State Treasury of the Commonwealth, for deposit in a separate and special account hereby created and established and designated as the "Western Kentucky University Consolidated Educational Buildings Project - Series I Bond Proceeds Construction Account" (the "Construction Account").

From the balance of the proceeds of the Series I Bonds deposited in the Construction Account there shall be paid to First Kentucky Securities Corporation as Financial Advisor to the Board the contractual compensation which shall then be due and payable, and other costs associated with the authorization, issuance, sale and delivery of the Series I Bonds. All monies then on deposit in the Construction Account shall be available for application to the costs of the Series I Project hereinbefore in this Series I



Resolution identified for which the Series I Bonds have been authorized.

The State Treasurer of the Commonwealth is hereby authorized and requested to make disbursements from the Construction Fund according to such inspection, audit and disbursement procedures as may from time to time be provided by law, for the purpose of paying the costs of erecting and completing the Series I Project in accordance with the plans and specifications therefor, but only upon certification of the respective Engineers having supervision of the Series I Project, as to each disbursement, that the amount thereof has been duly earned by and is payable to the designated party or parties for materials, services, and/or labor furnished pursuant to a proper contract duly awarded therefor. Notwithstanding the foregoing, disbursements from the Construction Account for the contractual sum due the Financial Advisor to the Board for its professional services in connection with the authorization, issuance, sale and delivery of the Series I Bonds shall not be subject to approval by such Engineers.

Upon the completion of the Series I Project, as certified by the Engineers, any balance remaining in the Construction Account after the payment of all project costs shall be deposited in the Bond Fund; provided, however, that if Series I Bond proceeds are remaining at a time when there is pending or imminently contemplated the construction of one or more additional educational buildings which are to be financed from the proceeds of additional Bonds pursuant to the Basic Resolution, and which building or buildings will constitute a part of the Consolidated Educational Buildings Project, any such unexpended balance may be taken into account in determining the amount of additional Bonds to be authorized therefor, or may otherwise be applied to the proper costs thereof, in which event such unexpended balance in the Construction Account, upon direction of the Board, shall be transferred to the construction account created for the additional Bonds.

Monies on deposit in the Construction Account shall be invested and reinvested from time to time by the State Treasurer upon direction to the State Treasurer by the Treasurer, in direct obligations of the United States Government or agencies of the United States Government, or obligations which are fully guaranteed by the United States Government, or in negotiable or nonnegotiable Certificates of Deposit issued by any bank, trust company or national banking association (including the Trustee) which is a member of the Federal Reserve System or of the Federal Deposit Insurance Corporation, provided that such

Certificates of Deposit shall be continuously secured by a valid pledge of direct obligations of or obligations guaranteed by the United States Government having a market value (exclusive of accrued interest) at all times equal to at least 100% of the principal amount of said Certificates of Deposit in excess of Federal Deposit Insurance Corporation coverage, which Certificates shall be lodged with the State Treasurer as custodian, or in investments permitted by KRS 42.500(9). The Investments shall be made upon the determination of the Treasurer, upon advice from the Engineers, that monies on deposit in the Construction Account are not immediately required for construction purposes and any investments made from the Construction Account shall be selected in contemplation of the anticipated schedule of disbursements prepared by the Treasurer. All such investments shall be reconverted into cash as and when cash is required to pay costs for which the Construction Account is established.

### ARTICLE 3

#### DUTIES OF TREASURER; NON-ARBITRAGE AND OTHER COVENANTS

SECTION 3.1. Compliance with Section 7.10 of the Basic Resolution. Prior to the delivery of the Series I Bonds, it shall be the duty of the Treasurer to file with the Trustee a statement indicating that the annual Revenues from the Project, adjusted as provided in Section 7.10 of the Basic Resolution, for the two fiscal years immediately preceding the issuance of the Series I Bonds were equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges payable out of the Revenues of the Project in any succeeding twelve month period ending May 1 on the Bonds then outstanding and the Series I Bonds proposed to be issued hereunder.

#### SECTION 3.2. General Covenant Against Arbitrage.

A. The Treasurer is hereby charged with the responsibility for issuing and delivering the Series I Bonds and shall have responsibility for the receipt, disbursement, use and investments of the proceeds of the Series I Bonds and shall certify at the time the Series I Bonds are delivered that on the basis of the facts, estimates and circumstances in existence on the date the Series I Bonds are delivered that it is not expected that the proceeds thereof will be used in any manner that would cause the Series I Bonds to be "arbitrage bonds." The Board covenants that it will make no use of [i] the proceeds of the Series I Bonds

or [ii] any other funds which may be deemed to be proceeds of the Series I Bonds pursuant to Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder (collectively, the "Code") or any successor provision (collectively, "Section 148") or [iii] any other funds held hereunder, and no other action shall be taken or omitted, which, if such use or action had been reasonably expected on the date of issuance of the Series I Bonds, would have caused the Series I Bonds to be "arbitrage bonds" within the meaning of Section 148 or any applicable regulations thereunder, and the Board will comply with the requirements of Section 148 so long as any of the Series I Bonds are Outstanding.

B. The Board further specifically covenants as follows:

[1] None of the proceeds of the Series I Bonds shall be used directly or indirectly [i] to acquire "higher yielding investments" (hereinafter defined) or [ii] to replace funds which were used directly or indirectly to acquire higher yielding investments.

[2] All of the "gross proceeds" (hereinafter defined) of the Series I Bonds, other than gross proceeds held in a "bona fide debt service fund" (hereinafter defined), will be expended on the Series I Project either [a] within six (6) months of the date of issuance of the Series I Bonds or [b] if the portion of the proceeds of the Series I Bonds which are not expended within such six-month period does not exceed the lesser of five percent (5%) of the proceeds of the Series I Bonds or \$100,000, within one year of the date of issuance of the Series I Bonds; or

[3] If any part of the gross proceeds of the Series I Bonds has not been expended on the Series I Project within six (6) months of the date of issuance of the Series I Bonds (or within one year of the date of issuance of the Series I Bonds, if Paragraph 2[b] above applies), the Board shall pay or cause to be paid to the United States the amounts described in Subparagraph [a] below in accordance with the terms and conditions set forth therein.

[a] At the time or times hereinafter set forth, the Board shall pay or shall cause the Trustee to pay to the United States an amount, hereinafter referred to as the "Rebate Amount," which is equal to the sum of:

[1] the excess of --

[A] the aggregate amounts earned from the date of issuance of the Series I Bonds on all nonpurpose investments (hereinafter defined) in which gross proceeds of the Series I Bonds have been invested (other than nonpurpose investments attributable to an excess described herein) over

[B] the aggregate amounts which would have been earned if the yield (hereinafter defined) on such nonpurpose investments (other than nonpurpose investments attributable to an excess described herein) had been equal to the yield on the Series I Bonds, plus

[2] any income attributable to the excess described in the Clause [1] above.

[b] The Rebate Amount payable to the United States shall be determined annually by the Board for each bond year (hereinafter defined) during which any of the Series I Bonds remain outstanding and upon retirement of the last of the Series I Bonds (each such period is hereinafter referred to as a "computation period"). Upon such determination, that portion of the Rebate Amount described in [a][1] above, if any, shall be deposited in the Principal Subaccount of the Excess Investment Earnings Account created pursuant to the provisions of Section 3.2C of this Series I Resolution. That portion of the Rebate Amount described in [a][2] above shall be deposited, as it is earned, in the Income Subaccount of the Excess Investment Earnings Account established under Section 3.2C of this Series I Resolution. The Rebate Amount shall be paid to the United States in installments, as follows:

[1] subject to Clause [3] below, the first such installment shall be paid no later than thirty (30) days after the end of the fifth (5th) bond year;

[2] subject to Clause [3] below, an additional installment shall be paid on or prior to the last day of each additional

installment payment period during which any of the Series I Bonds remain outstanding. For purposes of this Clause [2], an installment payment period shall commence on the last day on which a preceding installment of the Rebate Amount was required to be paid, and shall end on the day preceding the fifth (5th) anniversary of such payment date;

[3] anything herein to the contrary notwithstanding, the last installment shall be paid no later than sixty (60) days after the last of the Series I Bonds has been retired; and

[4] each installment shall be in an amount which, when aggregated with the amount of any prior installments paid to the United States hereunder, will equal at least ninety percent (90%) of the total Rebate Amount payable to the United States hereunder as of the date such installment is paid; provided, however, that the last installment shall be in an amount equal to the entire remaining balance of the Rebate Amount payable to the United States hereunder.

[c] The Board shall maintain or cause to be maintained records of such determinations for each computation period until six (6) years after payment in full of the Series I Bonds and shall make such records available to the Trustee and its representatives upon reasonable request therefor.

[d] As of the issuance and delivery of the Series I Bonds, the Treasurer on behalf of the Board, the Trustee, and the State Treasurer, respectively, shall covenant and agree that each of them will, on or before each anniversary of the date of issuance of the Series I Bonds, prepare and file with the Board a report with respect to the Fund or Account held by them, namely the Revenue Fund, the Bond Fund and the Construction Account, respectively, setting forth the total amounts invested in each such Fund or Account during the preceding bond year, the investments made with the moneys in each such Fund or Account and the investment earnings (and losses) resulting from the investments in each such Fund or Account, together with such additional information

concerning each such Fund or Account and the investments therein as the Board shall reasonably request.

[4] For purposes of Clause [1] of Subparagraph 3[a] above, the Board, in determining the aggregate amounts earned on all nonpurpose investments acquired with gross proceeds of the Series I Bonds,

[a] will take into account any gain or loss incurred on the disposition of any such nonpurpose investment, and

[b] unless the Board otherwise elects, will not take into account any amounts earned on nonpurpose investments held in a bona fide debt service fund for the Series I Bonds during any bond year in which the gross earnings on such fund do not exceed One Hundred Thousand Dollars (\$100,000).

[5] Except as provided in Section 1.103-15AT(d)(6) of the Temporary Income Tax Regulations with respect to the purchase of obligations of the United States Treasury directly from the United States Treasury, at no time shall any of the gross proceeds of the Series I Bonds be invested [a] in nonpurpose investments having a purchase price which is not equal to the purchase price of comparable investments or producing a yield which is not equal to the fair market yield of comparable investments, or [b] in any other manner resulting in a "prohibited payment" (within the meaning of Section 1.103-15AT(d)(6) of the Temporary Income Tax Regulations) of any portion of the Rebate Amount, directly or indirectly, to a person other than the United States.

[6] Notwithstanding the provisions of Paragraph 2 above, if gross proceeds of the Series I Bonds subsequently arise following the end of the six-month period (or the one-year period, if Paragraph 2[b] above applies) commencing on the date of issuance of the Series I Bonds (whether due to sale of the Series I Project, damage or destruction to the Series I Project, or otherwise) the provisions of such Paragraph 2 shall cease to apply and the Board shall be obligated to [i] make the payments to the United States set forth in Subparagraph 3[a] above with respect to the gross proceeds of the Series I Bonds which arise following the end of such six-month (or one-year) period (but not with respect to gross proceeds of the Series I Bonds

expended during such six-month or one-year period) and perform the other duties set forth in Subparagraph 3[b] above, and [ii] limit the amount of gross proceeds of the issue and perform the other duties set forth in Paragraph 3 above.

[7] For purposes of construing this Section 3.2B, the following definitions shall apply:

[a] "bona fide debt service fund" shall have the meaning set forth in Income Tax Regulation Section 1.103-13(b)(12);

[b] "bond year" shall mean the one-year period commencing on the date of issuance and delivery of the Series I Bonds and ending one year later, and each one-year period thereafter until payment in full of the Series I Bonds;

[c] "debt service" shall have the meaning set forth in Section 148(d)(3)(D) of the Code and Temporary Income Tax Regulation Sections 1.103-15AT(b)(5) and 1.103-15AT(c)(4);

[d] "gross proceeds" shall have the meaning set forth in Section 148(f)(6)(B) of the Code and Temporary Income Tax Regulation Section 1.103-15AT(b)(6) and shall include:

[1] original proceeds of the Series I Bonds;

[2] investment proceeds of the Series I Bonds;

[3] transferred proceeds of the Series I Bonds;

[4] amounts held in a sinking fund for the Series I Bonds;

[5] amounts held in a reasonably required reserve or replacement fund for the Series I Bonds;

[6] securities or obligations pledged as security for the payment of debt service on the Series I Bonds;

[7] amounts received with respect to acquired purpose investments acquired with the proceeds of the Series I Bonds;

[8] any other amount to be used to pay debt service on the Series I Bonds; and

[9] any amounts received as a result of investing any amounts described in [1] through [8] above;

[e] "higher yielding investments" means any investment property (hereinafter defined) which could reasonably be expected, at the time of issuance of the Series I Bonds, to produce a yield over the term of the issue which is materially higher (taking into account any discount or premium) than the yield on the Series I Bonds;

[f] "investment property" means [1] any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code), [2] any obligation, [3] any annuity contract, or [4] any investment type property, but shall not include any tax-exempt bond (as defined in Section 150(a)(6) of the Code);

[g] "nonpurpose investment" means any investment property which [1] is acquired with the gross proceeds of the Series I Bonds and [2] is not acquired in order to carry out the governmental purpose of the Series I Bonds; and

[h] "yield" shall be determined as provided in Section 147(h) of the Code and Temporary Income Tax Regulation Section 1.103-15AT(b)(3) and Temporary Income Tax Regulation Section 1.103-15AT(c)(40).

[8] References in this Section 3.2 to the Income Tax Regulations and the Temporary Income Tax Regulations are to the regulations promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended, and any regulations promulgated in lieu thereof under Section 148 of the Code.

C. A special trust fund is hereby established with the Trustee and designated as the "Excess Investment Earnings Account." There are hereby established within the Excess Investment Earnings Account two separate subaccounts,



designated as the "Principal Subaccount" and the "Interest Subaccount."

The Board covenants and agrees that it will [i] prepare and file with the Trustee a report setting forth the "Rebate Amount" determined in accordance with Section 3.2B and [ii] deposit or cause to be deposited into the Excess Investment Earnings Account any and all Rebate Amounts promptly following a determination of any such Rebate Amount.

The Trustee agrees that it will, to the extent practicable, keep all moneys in the Excess Investment Earnings Account fully invested in investments permitted by this Series I Resolution and it will disburse all moneys in the Excess Investment Earnings Account to the United States at the times and in the manner set forth in Section 3.2B.

Moneys in the Excess Investment Earnings Account, including investment earnings thereon, if any, shall not be subject to the pledge of this Series I Resolution and shall not constitute part of any of the Funds held hereunder for the benefit and security of the Bondholders.

SECTION 3.3. Specific Tax Covenants. The Board represents, warrants and covenants that [A] none of the proceeds of the Series I Bonds are to be used for any private business use; [B] no portion of the payment of the principal of or interest on the Series I Bonds is under the terms of such bond issue, or under any underlying arrangement, directly or indirectly, [i] secured by an interest in [a] property used or to be used for a private business use or [b] payments in respect of such property, or [ii] to be derived from payments (whether or not to the Board) in respect of property, or borrowed money, used or to be used for a private business use; and [C] none of the proceeds of the Series I Bonds are to be used (directly or indirectly) to make or finance loans to persons other than governmental units, all within the meaning of Section 141 of the Code.

SECTION 3.4. Designation of Series I Bonds as Qualified Tax-Exempt Obligations. The Board hereby designates the Series I Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code. In that connection, the Board represents that [i] the reasonably anticipated amount of "qualified tax-exempt obligations" (within the meaning of Section 265(b)(3)(B) of the Code) which will be issued by the Board, and any subordinate entities thereof (within the meaning of Section

265(b)(3)(E) of the Code), during the current calendar year does not exceed Ten Million Dollars (\$10,000,000) and [ii] the Board (and any such subordinate entity thereof) has not previously designated as "qualified tax-exempt obligations" any other obligations previously issued by it during the current calendar year.

#### ARTICLE 4

##### MISCELLANEOUS

SECTION 4.1. Severability. If any one or more of the covenants or agreements provided in this Series I Resolution on the part of the Board or of the Trustee or of the Registrar and Paying Agent to be performed shall be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be deemed severable from the remaining covenants and agreements herein contained and the invalidity thereof shall in no way affect the validity of the other provisions of this Series I Resolution.

SECTION 4.2. Conflicts Repealed. All resolutions or parts of resolutions in conflict herewith shall be and the same are hereby repealed insofar as such conflict exists.

SECTION 4.3. Effective Date of Resolution. This Series I Resolution shall take effect immediately upon its adoption by the Board.

ADOPTED NOVEMBER 7, 1986.

\_\_\_\_\_  
Chairman, Board of Regents

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary, Board of Regents

FRONT

(FORM OF SERIES I BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
WESTERN KENTUCKY UNIVERSITY  
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BOND  
SERIES I

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

INTEREST RATE

MATURITY DATE

CUSIP

The Board of Regents of Western Kentucky University, a body corporate and an educational institution and agency of the Commonwealth of Kentucky (hereinafter called the "Board of Regents"), for value received, hereby promises to pay, solely from the special fund provided therefor, as hereinafter set forth, to \_\_\_\_\_ or registered assigns, on the Maturity Date set forth above, the principal sum of \_\_\_\_\_ Dollars, and to pay, solely from said special fund, interest thereon from the date hereof until payment of principal in full, at the Interest Rate per annum set forth above, semiannually on May 1 and November 1 in each year, commencing May 1, 1987, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, both principal and interest being payable in any coin or currency which at the time of payment thereof is legal tender for the payment of public and private debts at the principal office of the Registrar and Paying Agent, Bowling Green Bank & Trust Company, in the City of Bowling Green, Kentucky (or any successor appointed pursuant to the provisions of the Basic Resolution herein mentioned). Payment of interest hereon shall be made to the registered holder hereof as the same appears from the registration books of the Registrar and Paying Agent at the close of business on the fifteenth day of the month preceding each interest payment date by check or draft mailed to such registered holder at his address as it appears on such books or at such other address as is timely furnished in writing by such registered holder to the Registrar and Paying Agent.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

SERIES I RESOLUTION  
EXHIBIT A

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit, under the Basic Resolution, until it shall have been authenticated by the execution by the Registrar and Paying Agent of the certificate hereon endorsed.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form and manner as required by law, and the amount of this Bond, together with all other obligations of the Board of Regents and of Western Kentucky University, does not violate any provisions or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project herein mentioned will be continuously operated; and that a sufficient portion of the gross revenues therefrom has been pledged to and will be set aside into the Bond Fund herein mentioned for the payment of the principal of and interest on this Bond and the issue of which it is one, and all other bonds which by their terms and the terms of the Basic Resolution are payable from the Bond Fund, as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Regents of Western Kentucky University has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman and attested by the reproduced facsimile signature of its Secretary, and the facsimile of its corporate seal to be imprinted hereon, all being done as of the 1st day of November, 1986.

This Bond is dated \_\_\_\_\_.

[Facsimile of Seal]

[Facsimile Signature]  
Chairman  
Board of Regents  
Western Kentucky University

ATTEST:

[Facsimile Signature]  
Secretary  
Board of Regents  
Western Kentucky University

AUTHENTICATION CERTIFICATE

This Bond is one of the Series I Bonds described in the within-mentioned Series I Resolution. Printed on the reverse hereof is the complete text of the opinion of Wyatt, Tarrant & Combs, Louisville, Kentucky, Bond Counsel, dated the date of the original delivery of and payment for such Bonds, a signed counterpart of which opinion is on file with the undersigned Registrar and Paying Agent.

BOWLING GREEN BANK & TRUST  
COMPANY  
REGISTRAR AND PAYING AGENT  
Bowling Green, Kentucky

By           [Manual Signature]            
Authorized Officer

REVERSE

This Bond is one of a duly authorized issue of Bonds designated as "Western Kentucky University Consolidated Educational Buildings Revenue Bonds" (hereinafter referred to as the "Bonds") issued and to be issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including among others, Sections 162.350 to 162.380, inclusive, of the Kentucky Revised Statutes now in full force and effect, and under and pursuant to the resolution adopted by the Board of Regents on August 15, 1960 (hereinafter referred to as the "Basic Resolution"), and the Series I Resolution adopted by the Board of Regents on November 7, 1986.

As provided in the Basic Resolution, the Bonds may be issued from time to time pursuant to separate resolutions in one or more series, in various principal amounts, may bear interest at different rates and may otherwise vary as in the Basic Resolution provided. The aggregate principal amount of Bonds which may be issued under the Basic Resolution is not limited except as provided in the Basic Resolution, and all Bonds issued and to be issued under the Basic Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Basic Resolution.

This Bond is one of a series of Bonds of various maturities designated as "Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I" (herein called the "Series I Bonds") issued in the aggregate principal amount of \$8,450,000 under the Basic Resolution and the Series I Resolution for the purpose of financing the costs (to the extent not otherwise provided) of erecting and completing educational buildings and necessary appurtenances as parts of the Consolidated Educational Buildings Project of the University (herein referred to as the "Project"). Copies of the Basic Resolution and the Series I Resolution are on file at the office of the Trustee. Reference is hereby made to the Basic Resolution pursuant to which Bowling Green Bank & Trust Company, in the City of Bowling Green, Kentucky, has been designated as Trustee for the holders of the Bonds of which this Bond is one and for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds; the rights, duties and obligations of the Board of Regents, and of the Trustee, and the rights of the holders of the Bonds; and by the acceptance of this Bond, the holder hereof assents to all of the provisions of the Basic Resolution and the Series I Resolution.

The holder of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Series I Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Basic Resolution or the Series I Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Basic Resolution. The Basic Resolution provides for fixing, charging and collecting fees for the services of the Project, which fees will be sufficient to pay the principal of and interest on the Bonds payable out of the Revenues of the Project as the same become due and provide reserves for such purposes and also to pay the costs of operation and maintenance of the Project to the extent the same are not otherwise provided. The Basic Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (herein called the "Bond Fund") and for the deposit to the credit of the Bond Fund of a fixed amount of the gross revenues of the Project to pay interest on the Bonds as the same becomes due, and to pay or retire the principal of the Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The issue of Series I Bonds of which this Bond is one and all other Bonds outstanding from time to time under the Basic Resolution, are payable only from a fixed amount of the gross revenues derived from the operation of the Project which will be set aside in said Bond Fund, and this Bond does not constitute any indebtedness of Western Kentucky University or of the Board of Regents or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Registrar and Paying Agent, Bowling Green Bank & Trust Company, Bowling Green, Kentucky, but only in a manner and subject to the limitations provided in the Basic Resolution and the Series I Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Board of Regents and the Registrar and Paying Agent may deem and treat the registered holder hereof as the absolute owner hereof (whether or not this Bond shall be

overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Registrar and Paying Agent shall be affected by any notice to the contrary.

This Bond may, at the option of the registered holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity and interest rate and of any other authorized denomination at the principal office of the Registrar and Paying Agent, but only in a manner and subject to the limitations provided in the Basic Resolution and the Series I Resolution, and upon surrender and cancellation of this Bond. The Board of Regents and the Registrar and Paying Agent shall not be required to issue, transfer, or exchange any of the Bonds after the mailing of a notice calling such Bond for redemption as provided in the Series I Resolution, nor to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

The Series I Bonds maturing May 1, 1997, and thereafter shall be subject to redemption at the option of the Board of Regents in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1996, at the redemption prices, expressed in percentages of principal amount, with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed:</u>	<u>Redemption Price</u>
On or after May 1, 1996, and prior to May 1, 1999	103%
On or after May 1, 1999, and prior to May 1, 2003	102%
On or after May 1, 2003, and prior to final maturity	101%

Notice of any such optional redemption shall be given at least thirty (30) days prior to the redemption date by mailing to the registered owner of this Bond, by first-class mail, a notice fixing such redemption date, and the premium, if any, to be paid. If funds for the payment of this Bond are deposited on the specified redemption date, this Bond shall cease to bear interest on said redemption





books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

NOTE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

WKUI/403

NOTICE OF BOND SALE

WESTERN KENTUCKY UNIVERSITY  
Bowling Green, Kentucky

\$8,450,000 Western Kentucky University Consolidated  
Educational Buildings Revenue Bonds, Series I

The Vice President for Business Affairs and Treasurer of the Board of Regents of Western Kentucky University (the "Board") hereby gives notice that the Board will until the hour of \_\_\_\_\_ a.m., E.S.T., on \_\_\_\_\_, 1986 receive in the Office of the Vice President for Business Affairs and Treasurer, Administration Building, Western Kentucky University Campus, Bowling Green, Kentucky 42101, sealed competitive bids for the purchase of \$8,450,000 of its Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I, dated November 1, 1986 (the "Bonds"). Proposals for the purchase of the Bonds will be considered by the Board, or its Executive Committee, at a meeting at \_\_\_\_\_ a.m., E.S.T., on \_\_\_\_\_, 1986.

The Bonds are issued pursuant to the provisions of [i] a Resolution of the Board adopted on August 15, 1960, [ii] a Series Resolution of the Board adopted on November 7, 1986 and [iii] Sections 162.340 through 162.380 of the Kentucky Revised Statutes, as fully registered Bonds in denominations of \$5,000 and integral multiples thereof, maturing serially on May 1 in each of the years 1988 through 2007; subject to prior redemption on and after 1996.

The Bonds are not general obligations of the Board, the University or the Commonwealth of Kentucky but are special obligations payable from a first lien and charge upon the defined Revenues of the Consolidated Educational Buildings Project.

Bids must be on Official Bid Form contained in Information for Bidders available from the undersigned or First Kentucky Securities Corporation, Suite 324, State National Bank Building, P.O. Box 554, Frankfort, Kentucky 40602-0554, telephone (502) 875-4611. Reference should be made to Official Terms and Conditions of Bond Sale and the Official Statement for details and bidding conditions.

SERIES I RESOLUTION  
EXHIBIT B

The right to reject bids or waive informality is reserved. Delivery on or prior to December \_\_\_\_, 1986 anticipated.

/s/ Harry K. Largen  
Harry K. Largen, Vice  
President for Business Affairs  
and Treasurer, Board of  
Regents, Western Kentucky  
University

WKUI/404

OFFICIAL BID FORM

November \_\_, 1986

To the Honorable Chairman  
and Members of The Board  
of Regents of Western  
Kentucky University  
c/o Mr. Harry K. Largen  
Vice President for  
Business Affairs and  
Treasurer  
Administration Building  
Bowling Green, Kentucky 42101

Gentlemen:

Pursuant to your "Official Terms and Conditions of Bond Sale," the undersigned offers to purchase all, but not less than all, of your "Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I," dated November 1, 1986, in accordance with and subject to the terms set forth in the Official Terms and Conditions of Bond Sale.

We hereby bid for said \$8,450,000 aggregate principal amount of Bonds the sum of \$\_\_\_\_\_ (not less than \$8,281,000); plus accrued interest from November 1, 1986, at the following rates (interest on ascending scale; rate differential not to exceed 5%):

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
1988	\$125,000	___%	1998	\$310,000	___%
1989	\$170,000	___%	1999	\$330,000	___%
1990	\$180,000	___%	2000	\$350,000	___%
1991	\$185,000	___%	2001	\$370,000	___%
1992	\$200,000	___%	2002	\$750,000	___%
1993	\$210,000	___%	2003	\$825,000	___%
1994	\$220,000	___%	2004	\$760,000	___%
1995	\$240,000	___%	2005	\$815,000	___%
1996	\$310,000	___%	2006	\$870,000	___%
1997	\$295,000	___%	2007	\$935,000	___%

SERIES I RESOLUTION  
EXHIBIT C

It is understood that the Bonds are offered for sale subject to the interest on the Bonds not being includable in gross income for present Federal income tax purposes (as described under "Tax Treatment" in the Preliminary Official Statement for the Bonds), and the Bonds and the interest thereon being exempt from Kentucky ad valorem and income taxation on the date of the delivery of the Bonds to the successful bidder. It is also understood that the Board of Regents of Western Kentucky University will furnish a final approving legal opinion of Wyatt, Tarrant & Combs, Louisville, Kentucky, Bond Counsel, subject to whose approving legal opinion the Bonds are sold, and will furnish printed bond forms and the usual closing proofs, including the customary no-litigation certificate, to the successful bidder.

The successful bidder shall not be required to take up and pay for the Bonds unless delivery is made within forty-five days from the date hereof. Upon delivery the successful bidder shall take up and pay for the Bonds in FEDERAL FUNDS. It is anticipated that the Bonds will be tendered for delivery on or prior to December \_\_\_\_, 1986.

A certified check or bank cashier's check in the amount of \$84,500 payable to Western Kentucky University is enclosed in accordance with the Official Terms and Conditions of Bond Sale.

Respectfully submitted,

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Bidder

\_\_\_\_\_  
Address

The foregoing is our purchase bid. We submit our own computation thereof only for your information and convenience:

(a) Total interest cost at stated interest rates from November 1, 1986 to final maturity	\$ _____
(b) Plus discount or less premium	\$ _____
(c) Net Interest Cost	\$ _____
(d) Equivalent to	_____ %

Accepted this \_\_\_\_\_ day of November, 1986, for the purchase price of \$ \_\_\_\_\_, plus accrued interest from November 1, 1986.

BOARD OF REGENTS  
WESTERN KENTUCKY UNIVERSITY  
Bowling Green, Kentucky

By \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary, Board of Regents

Return of or credit for Bid  
deposit hereby acknowledged:

\_\_\_\_\_  
Authorized Representative

OFFICIAL TERMS AND CONDITIONS OF BOND SALE  
WESTERN KENTUCKY UNIVERSITY  
Bowling Green, Kentucky

\$8,450,000 Western Kentucky University  
Consolidated Educational  
Buildings Revenue Bonds, Series I

The Board of Regents of Western Kentucky University (the "Board"), a public body corporate, educational agency and instrumentality, and a political subdivision of the Commonwealth of Kentucky, hereby gives notice that until November \_\_, 1986, at the hour of \_\_\_\_\_ a.m., E.S.T., the Board will receive in the Office of the Vice President for Business Affairs and Treasurer, Administration Building on the Western Kentucky University Campus at Bowling Green, Kentucky 42101, sealed competitive bids for the purchase of its \$8,450,000 Western Kentucky University Consolidated Educational Buildings Revenue Bonds, Series I (the "Bonds"), dated November 1, 1986. Proposals for the purchase of the Bonds will be considered by the Board, or its Executive Committee, at a meeting at \_\_\_\_\_ a.m. on November \_\_, 1986.

The Bonds are to be issued in the form of fully registered bonds in the denomination of \$5,000 or integral multiples thereof. The Bonds bear interest from their date payable on May 1, 1987 and semiannually thereafter by check or draft mailed to registered holders as of the 15th day of the month preceding each interest payment date. The Bonds mature as to principal on May 1 in each of the years 1988 through 2007 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1988	\$125,000	1998	\$310,000
1989	170,000	1999	330,000
1990	180,000	2000	350,000
1991	185,000	2001	370,000
1992	200,000	2002	750,000
1993	210,000	2003	825,000
1994	220,000	2004	760,000
1995	240,000	2005	815,000
1996	310,000	2006	870,000
1997	295,000	2007	935,000

SERIES I RESOLUTION  
EXHIBIT D



The Bonds are subject to redemption prior to their stated maturities on or after May 1, 1996 at the premiums set forth below:

<u>If Redeemed:</u>	<u>Redemption Price</u>
On or after May 1, 1996 and prior to May 1, 1999	103%
On or after May 1, 1999, and prior to May 1, 2003	102%
On or after May 1, 2003, and prior to final maturity	101%

The Bonds are issued for the purpose of providing funds to construct and/or repair various educational buildings and related improvements located in Warren County, Kentucky. The Bonds are being issued pursuant to the provisions of Sections 162.340 et seq. of the Kentucky Revised Statutes and the Resolution adopted by the Board on August 15, 1960 (the "Basic Resolution"), as amended by the Series I Resolution adopted by the Board on November 7, 1986. The Bonds are secured [i] pursuant to the terms of the Basic Resolution whereunder Bowling Green Bank & Trust Company, Bowling Green, Kentucky, is named Trustee for the holders of all Bonds issued under the Basic Resolution and [ii] by a pledge of the revenues derived from the operation of the Consolidated Educational Buildings Project. In addition, the Bonds are secured by a statutory mortgage lien upon the buildings and appurtenances constituting the Consolidated Educational Buildings Project. The Bonds will rank on the basis of parity as to security and source of payment with seven (7) previous issues, Series B, C, D, E, F, G, and H now outstanding, and any subsequent issues under the Basic Resolution.

The Bonds are not general obligations of the Board, the University, or the Commonwealth of Kentucky, but are special obligations payable solely from the defined Revenues of the Consolidated Educational Buildings Project to which the Revenues derived from all Student Registration Fees of the University are pledged and made subject to a first lien and paramount charge for the security and source of payment of Western Kentucky University Consolidated Educational Buildings Revenue Bonds.

The purchasers of the Bonds will be furnished at delivery, at the cost of the Board, the unqualified

approving opinion of Wyatt, Tarrant & Combs, Louisville, Kentucky, Bond Counsel, which will contain a statement that in Bond Counsel's opinion interest on the Bonds will be exempt from inclusion in gross income for present federal income tax purposes (see "Tax Treatment" in the Preliminary Official Statement for the Bonds) and that the Bonds and interest thereon are exempt from all Kentucky ad valorem and income taxation, based upon existing statutes, regulations and judicial decisions.

The Board expressly reserves the right to reject all bids and to waive informalities and irregularities which in the judgment of the Board do not impair the integrity of the bidding process. Delivery is guaranteed within forty-five days after awards are made and it is now anticipated that delivery will be made on or prior to December \_\_\_\_\_, 1986. The Board will tender the Bonds to the purchasers thereof, at any bank or trust company in Louisville or Lexington, Kentucky, at the Board's expense, or at any bank or trust company anywhere else in the continental United States (exclusive of Alaska) desired by the purchaser at the purchaser's expense (including the cost of insurance during transit); provided, however, that the purchaser shall bear any bank service charge for processing the delivery of the Bonds and closing the transaction. Payment for the Bonds must be made in FEDERAL FUNDS.

BIDDING CONDITIONS: The Bonds shall be offered as a whole, at not less than 98% of par (not less than \$8,281,000), plus accrued interest. Interest rates shall be on an ascending scale, with the difference between the highest and lowest rates not to exceed 5%. Interest rates must be in multiples of 1/8 or 1/20 of 1%. A good faith check in the amount of \$84,500 is required. Only bids submitted on the Official Bid Form shall be given favorable consideration. CUSIP identification numbers shall be printed on the Bonds at the expense of the Board. Neither the improper imprintation nor the failure to imprint CUSIP numbers shall constitute a cause for failure or refusal by the purchaser to accept delivery and pay for the Bonds.

The purchasers of the Bonds must supply the name(s) and tax identification number(s) of the registered holder(s) of the Bonds to be delivered, and the denomination of each such Bond, not later than seven (7) days prior to the date of delivery, by written direction to the Registrar and Paying Agent for the Bonds, Bowling Green Bank & Trust Company, Bowling Green, Kentucky.

Details regarding the Bonds, the Official Bid Form and financial and other pertinent information concerning the

University and the Consolidated Educational Buildings Project are contained in the "Official Statement" which may be obtained by addressing Mr. Harry K. Largen, Vice President for Business Affairs and Treasurer of the Board, Administration Building, Western Kentucky University Campus, Bowling Green, Kentucky 42101, or the Financial Advisor, First Kentucky Securities Corporation, Suite 324, State National Bank Building, P.O. Box 554, Frankfort, Kentucky 40602-0554.

BY ORDER OF THE BOARD:

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Harry K. Largen, Vice  
President for Business Affairs  
and Treasurer, Board of  
Regents, Western Kentucky  
University

WKUI/405