

Final Official Statement Dated December 4, 1986

MOODY'S RATING: A
(See "Rating" herein)**OFFICIAL STATEMENT**

\$8,450,000
WESTERN KENTUCKY UNIVERSITY
CONSOLIDATED EDUCATIONAL BUILDINGS
REVENUE BONDS
SERIES I

Dated November 1, 1986

Due May 1, as shown below

Interest payable on May 1, 1987, and semiannually thereafter on May 1 and November 1. The Bonds are issued in fully registered form in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable by check or draft mailed by Bowling Green Bank and Trust Company, Bowling Green, Kentucky, Registrar and Paying Agent, to each Bondholder of record as of the 15th day of the month preceding the due date by regular United States mail. Principal shall be paid upon submission of matured or called bond certificate(s) to the Paying Agent at its principal office in Bowling Green, Kentucky. Any Bond is transferable without expense to the Bondholder upon presentation of such Bond and proper endorsement at the principal office of the Registrar.

Bonds maturing on and prior to May 1, 1996, are not subject to redemption prior to maturity. Bonds maturing May 1, 1997 and thereafter are subject to redemption prior to maturity at the option of the University in whole or from time to time in 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. Should any of the Bonds be called for redemption, there shall be paid to the registered owner(s), upon surrender of the Bonds, the principal amount thereof, interest earned to the redemption date, and an amount, stated in terms of a percentage of the principal amount of each of the Bonds to be redeemed as follows: 3% if redeemed before May 1, 1999; 2% if redeemed on or after May 1, 1999, and prior to May 1, 2003; and 1% if redeemed on or after May 1, 2003, and prior to final maturity.

Proceeds of the Bonds will be used to pay the costs, to the extent not otherwise provided, of the repair or renovation, or addition to, various buildings and equipment on the campus of the University at Bowling Green, Kentucky, all of which buildings and equipment are and shall be a part of the Consolidated Educational Buildings Project (the "Project") described herein.

SCHEDULE OF MATURITIES

Due May 1	Amount	Rate	Yield	Due May 1	Amount	Rate	Yield
1988	\$125,000	4.25%	4.25%	1998	\$310,000	6.10%	6.10%
1989	170,000	4.50	4.50	1999	330,000	6.20	6.20
1990	180,000	4.75	4.75	2000	350,000	6.30	6.30
1991	185,000	5.00	5.00	2001	370,000	6.40	6.40
1992	200,000	5.20	5.20	2002	750,000	6.50	6.50
1993	210,000	5.35	5.35	2003	825,000	6.60	6.60
1994	220,000	5.50	5.50	2004	760,000	6.60	6.70
1995	240,000	5.70	5.70	2005	815,000	6.60	6.70
1996	310,000	5.85	5.85	2006	870,000	6.625	6.75
1997	295,000	6.00	6.00	2007	935,000	6.625	6.75

(Plus Accrued Interest from November 1, 1986)

The Bonds are issued pursuant to authority contained in Sections 162.340 through 162.380 of the Kentucky Revised Statutes and in accordance with the Basic Resolution adopted by the University's Board of Regents on August 15, 1960, and the Series I Resolution adopted by said Board on November 7, 1986.

The Bonds are issued and secured on parity with the outstanding Series A through Series H Bonds previously issued and pursuant to the Basic Resolution. The Series A through Series I Bonds, and any bonds issued on a parity therewith in the future, are payable solely from certain defined revenues of the Project. The revenues of the Project are to be derived from the imposition of a Student Registration Fee from students attending the University. As further security for the Bonds, a statutory mortgage lien upon the Project is created and granted by Sections 162.200 and 162.350 of the Kentucky Revised Statutes.

The Bonds constitute special limited obligations of Western Kentucky University and do not constitute a debt, liability or obligation of the Commonwealth of Kentucky nor a pledge of the faith and credit of the Commonwealth. Principal of, premium, if any, and interest on the Bonds are payable solely from the revenues of the Consolidated Educational Buildings Project described herein.

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for present Federal income tax purposes under existing law, regulations and court decisions, and the Bonds and all the interest thereon are exempt from income taxes and all ad valorem taxes in the Commonwealth of Kentucky. See "Tax Treatment" herein.

The Series I Bonds are issued subject to the approval of legality by Wyatt, Tarrant & Combs, Louisville, Kentucky, Bond Counsel to the University.

No dealer, broker, salesman or other person has been authorized by Western Kentucky University or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from Western Kentucky University and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Western Kentucky University since the date hereof.

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OFFICIAL STATEMENT
\$8,450,000
WESTERN KENTUCKY UNIVERSITY
CONSOLIDATED EDUCATIONAL BUILDINGS
REVENUE BONDS
SERIES I

This Official Statement, which includes the cover page and the Exhibits appended hereto, is being distributed by Western Kentucky University (the "University") to furnish pertinent information relating to its Consolidated Educational Buildings Revenue Bonds, Series I (the "Bonds") being offered hereby.

The summaries and references to Sections of the Kentucky Revised Statutes, the Basic Resolution, and the Series I Resolution, as included in this Official Statement, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

WESTERN KENTUCKY UNIVERSITY

Western Kentucky University (the University), located at Bowling Green, Warren County, Kentucky, was established by the Kentucky Legislature in 1906 when there was authorized the establishment of two normal schools in the State for the training of teachers. On January 1, 1907, the Southern Normal School was transferred to the State of Kentucky, and the President of that Institution became President of the Western Kentucky State Normal School. The Kentucky Legislature of 1922 changed the name of the institution to the Western Kentucky State Normal School and Teachers College, and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, and in 1948 to the Western Kentucky State College. Pursuant to a 1966 Act of the General Assembly of Kentucky, the name of Western Kentucky State College has been officially changed to Western Kentucky University.

The Board of Regents of Western Kentucky University, a body corporate and an educational institution and agency of the Commonwealth and the governing body of the University, consists of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, and one student member elected by the student body.

Western Kentucky University is authorized to offer the following programs as set forth in Kentucky Revised Statute 164.295: upon approval of the Council on Higher Education associate and baccalaureate programs of instruction; upon approval of the Council on Higher Education, graduate programs of instruction at the master's degree level in education, business, and the arts and sciences; educational requirements for teachers, school leaders, and other certified personnel; research and service programs directly related to the needs of its primary geographical area;

and programs of a community college nature in its own community.

The University has been divided into colleges and other units to facilitate the offering of these programs and services. The colleges are: Bowling Green College of Business Administration; College of Education and Behavioral Sciences; Ogden College of Science, Technology, and Health; Potter College of Arts, Humanities and Social Sciences; and the Graduate College.

The undergraduate offerings include baccalaureate degrees, associate degrees, and certificate programs. The University offers the Bachelor of Arts, Bachelor of Science, Bachelor of Music, Bachelor of Science in Nursing and Bachelor of Fine Arts with more than 80 areas of study available to the student. Minor programs are available in all the major areas of study and in certain special areas. Preprofessional programs are also available. Associate degree programs are also offered leading to Associate of Arts, Associate of Science, and Associate of Liberal Studies degrees in 30 areas. One-year certificate programs are available in Real Estate and Agricultural Equipment Technology.

Graduate instruction is offered through the Graduate College at the master's and specialist's levels. At the master's level, the following degrees are offered: Master of Business Administration; Master of Music; Master of Public Services--(Option In) Counseling, City and Regional Planning, and Master of Public Administration; Master of Arts--Child Development and Family Living, English, Folk Studies, Humanities, History, Sociology, Psychology, and Communications; Master of Science--Agriculture, Biology, Chemistry, Computer Science, Geography, Health, Library Science, Mathematics, Physical Education, Recreation, Institutional and Home Environment--(Option In) Interior Design and Housing, Textiles and Clothing, Foods and Nutrition, and Master of Communication Disorders. The Specialist Degree is offered in education.

Two non-degree programs at the graduate level are the fifth-year program and the Rank I Teacher Certificate program in the College of Education and Behavioral Sciences. Instruction is provided for students in joint doctoral programs in education with the University of Kentucky, in cooperative doctoral programs in aquatic biology and fossil fuel chemistry with the University of Louisville and a cooperative master's program in nursing at the University of Kentucky.

The academic year of the University is divided into two semesters of approximately 18 weeks each, and a summer session of eight weeks.

The main campus of the University is located on a site containing 180 acres and an additional 53 acres, located in the city and county, are used for recreational, instructional, and research purposes. The University also operates a farm of 789 acres for instructional and research purposes.

CONSOLIDATED EDUCATIONAL BUILDINGS PROJECT

There are located on the Campus some 62 buildings, which house the activities of the University. These buildings include educational and administrative facilities, athletic facilities, dormitories, and student center and recreation facilities. In August, 1960, the Board of Regents determined that the anticipated increased enrollment in the University would require the continued expansion of the physical plant of the University over the course of the next several years, particularly the expansion of facilities for educational and administrative purposes. The Board further determined that the erection of additional buildings for educational and administrative purposes would require the borrowing of money by the issuance of bonds payable solely from the revenues of the educational buildings then located on the Campus of the University and educational buildings thereafter erected on the Campus of the University. For the purpose of securing bonds issued to finance the erection from time to time of needed educational buildings, the Board established and created, by Resolution adopted August 15, 1960, the Consolidated Educational Buildings Project (the Project) consisting of all educational buildings and necessary appurtenances theretofore erected and located on the property of the University in Warren County, Kentucky, and all educational buildings and necessary appurtenances thereafter erected upon such property from available funds of the Board or from the sale of Bonds, excluding all housing buildings and facilities of the University, and all buildings and facilities exclusively for athletics, as distinguished from those which are, or may be, wholly or principally for physical education.

On September 1, 1960, the Board of Regents sold an issue of \$1,300,000 Consolidated Educational Buildings Revenue Bonds, Series A, (Series A Bonds), the proceeds of which were applied to the erection of a new Science Building on the Campus of the University. Construction of the Science Building was completed in time for its use at the beginning of the 1961 Fall Semester, and the Science Building is a part of the Consolidated Educational Buildings Project. Series A Bonds have been retired.

On January 18, 1962, the Board of Regents sold an issue of \$2,800,000 Consolidated Educational Building Revenue Bonds, Series B, (Series B Bonds) the proceeds of which were applied to the erection of a new Academic-Athletics Building on the Campus of the University. Construction of the Academic-Athletics Building has been completed, and said Building is now a part of the Consolidated Educational Buildings Project.

On July 21, 1964, the Board of Regents sold an issue of \$4,000,000 Consolidated Educational Buildings Revenue Bonds, Series C, (Series C Bonds) the proceeds of which were applied to the erection of a new classroom building, an enlargement of the

Heating Building and Maintenance Service Building, and the conversion of the gymnasium into a Library Building, all on the Campus of the University. These projects financed by the Series C Bonds have been completed and are a part of the Consolidated Educational Buildings Project.

On April 14, 1966, the Board of Regents sold an issue of \$2,200,000 Consolidated Educational Buildings Revenue Bonds, Series D, (Series D Bonds) and \$1,478,000 Consolidated Educational Buildings Revenue Bonds, Series E, (Series E Bonds) the proceeds of which were applied to the erection of a new Administration Building and a new Science Complex, consisting of a new main building, a new planetarium and a slight modification to the existing Thompson Hall which was constructed with the proceeds of \$1,300,000 Consolidated Educational Buildings Revenue Bonds, Series A. These projects financed by the Series D and Series E Bonds are completed, and are a part of the Consolidated Educational Buildings Project.

On August 17, 1967, the Board of Regents sold an issue of \$8,300,000 Consolidated Educational Buildings Revenue Bonds, Series F, the proceeds of which were applied to the erection of a new building for the physical education program, a new academic complex for the Department of Home Economics, Department of Nursing, an Educational Television Studio, and a Student Hospital and University Clinic; and extensions to the Steam and Electrical Distribution System. The projects financed by the Series F Bonds have been completed and are a part of the Consolidated Educational Buildings Project.

On April 17, 1970, the Board of Regents sold an issue of \$5,000,000 Consolidated Educational Buildings Revenue Bonds, Series G, the proceeds of which were applied to the erection of a new Education Complex of two buildings for the Department of Elementary Education, Secondary Education and Psychology of the College of Education, the Audio-Visual Center for campus-wide services, Counselor Education, School Administration, the Human Relations Center, University-wide Counseling Center, Educational Materials Complex, a Reading Clinic, the Speech and Hearing Diagnostic Center, and the University Laboratory School. In addition, the Van Meter Auditorium and the former library were reconstructed with the proceeds of the Series G Bonds. The projects financed by the Series G Bonds have been completed and are a part of the Consolidated Educational Buildings Project.

On August 1, 1971, the Board of Regents sold an issue of \$7,480,000 Consolidated Educational Buildings Revenue Bonds, Series H, the proceeds of which were applied to the erection of a new Graduate Center and Library connected to an existing library, and a new Center for Fine Arts.

The Graduate Center and Library houses the offices of the Graduate College and contains reading rooms, offices and carrels for graduate students and faculty. The building houses the principle collection of graduate and research material and other materials of the University Library system. The Center for Fine Arts houses the Dean of the Potter College of Arts, Humanities and Social Sciences, and the departments of Art, Music, Speech and Theatre, and Foreign Languages. There are 41 classrooms, 85 faculty offices, 30 office-studios, and six seminar rooms in the building. Facilities for the Department of Music include a recital hall which will seat 250 people, 28 practice rooms, and a band-practice room. A sculpture and ceramics studio and foundry, two galleries, a painting studio, a shop, and laboratories for graphics, design, drawing and weaving are used by the Department of Art. A theatre seating 300 and a scene shop and laboratory are utilized by the Department of Communications and Theatre. The projects financed by the Series H Bonds have been completed and are a part of the Consolidated Educational Buildings Project.

Proposed Additions To The Project

The 1986 General Assembly, upon a recommendation of the Council on Higher Education, authorized the University to issue Consolidated Educational Buildings Revenue Bonds for the construction of new facilities, for improving, remodeling or replacing existing facilities, for improving environmental conditions in existing facilities, and for the purchase of instructional and scientific equipment for use in such facilities.

Renovation of Chemistry Laboratories

Project funds will be used to remodel and renovate the chemistry laboratories and offices on the third floor, and portions of the second floor, of the Thompson Complex for Science - North Wing which was constructed in 1960. Exhaust hoods and student laboratory desks will be replaced in most areas, and additional hoods and desks added to accommodate current student enrollment. Instrument and balance rooms and other laboratory areas will be remodeled to meet current program requirements. A central chemical and apparatus storage area will be added to consolidate materials from several locations. Mechanical and electrical systems will be modified as required to accommodate the remodeling and renovation.

Replacement of Coal Fired Boilers

The Central Heating Plant is designed to burn coal, natural gas or fuel oil, or a combination of fuels. The primary fuel source is coal, supplemented by natural gas. Project funds will be used to replace two coal fired boilers due to age and general condition. One boiler to be replaced was installed in 1927 and the second boiler was installed in 1946. The boilers have capacity to generate 70,000 pounds of steam per hour, and they

will be replaced with one boiler with a capacity to generate 100,000 pounds of steam per hours.

Agriculture Multipurpose Facility

A new facility will be constructed adjacent to the existing Agricultural Exposition Center to increase the capacity to house animals and equipment for shows and exhibitions.

Replacement of Underground Steam and Electrical Distribution Lines

The utility distribution system consists of electric substations and steam and electric lines in underground tunnels. The system was initiated in phases beginning in 1961 and the latest phase was constructed in 1970. Project funds will be used to replace underground steam and electric lines in various areas based on the results of tests and inspections.

Life Safety Improvements

Project funds will be used to increase the number of smoke and heat detection devices, to add and improve emergency lighting systems, to extend sprinkler systems, to improve the fire resistance of corridors and exitways, to add illuminating exit signs and to make other fire safety improvements in various buildings on the campus.

Roof Replacements

Projects funds will be used to replace the roof on Academic-Athletic Building #1, a multipurpose facility; Jones-Jaggers Classroom Building; Downing University Center; and Environmental Science and Technology Building, a classroom building, due to age and failure of existing roofs to adequately protect the buildings.

Asbestos Abatement

Friable asbestos has been found in the ceiling plaster of six buildings on campus and in studio rooms, mechanical rooms, and steam tunnels. Project funds will be used to complete a survey of the campus to locate all friable asbestos and to initiate a program for the abatement of asbestos in campus facilities.

Replacement of Air Conditioning Units

Project funds will be used to replace compressors and other components of air conditioning units in various campus buildings with energy efficient units, based on tests and inspections of equipment.

Humidity Control - Ivan Wilson Center and Helm-Cravens Library

Project funds will be used to improve and control the humidity in the Helm-Cravens Library to protect books, periodicals, and other library materials and in the Ivan Wilson Center to protect wooden instruments of the Department of Music.

Instruction and Scientific Equipment

Project funds will be used to purchase instructional and scientific equipment to upgrade and replace obsolete equipment in science education, computer technology, industrial technology, robotics, physical education, television and teleconferencing, and other academic areas.

Structural Repairs - Ivan Wilson Center and Academic-Athletic Building #2

The University has initiated a project to correct conditions causing damage to exposed concrete from water infiltration and structural movement in these structures. Project funds will be used to complete the application of waterproofing materials to exposed concrete to protect the structures from water infiltration.

Construction and Related Costs:

Renovation of Chemistry Laboratories	\$1,430,000
Replacement of Coal Fired Boilers	978,000
Agriculture Multipurpose Facility	190,000
Replacement of Underground Steam and Electrical Distribution Lines	800,000
Life Safety Improvements	500,000
Roof Replacements	890,000
Asbestos Abatement	400,000
Replacement of Air Conditioning Units	880,000
Humidity Control - Ivan Wilson Center and Helm-Cravens Library	455,000
Structural Repairs - Ivan Wilson Center and Academic-Athletic Building #2	200,000
Instructional and Scientific Equipment	<u>900,000</u>
Project Costs	\$7,623,000
Less: University Funds	<u>103,000</u>
Subtotal - Construction and Related Costs	\$7,520,000
Other Project Costs:	
Deposit to Debt Service Reserve	\$ 745,000
Underwriters' Discount (2% Maximum)	169,000
Costs of Bond Issuance	<u>16,000</u>
Total Project Costs	\$8,450,000

DESCRIPTION OF THE BONDS

Authority

Pursuant to authority contained in Sections 162.340 through 162.380 of the Kentucky Revised Statutes and in accordance with the terms of the Basic Resolution adopted on August 15, 1960, the Board adopted the Series I Resolution authorizing the issuance of the Series I Bonds on November 7, 1986.

Terms

The Bonds will be dated November 1, 1986, and will bear interest payable semiannually on May 1 and November 1, beginning May 1, 1987. Principal of the Bonds will be payable each May 1, beginning May 1, 1988, until final maturity in 2007 subject to the redemption provisions set forth herein.

The Series I Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest is payable by check or draft mailed by Bowling Green Bank and Trust Company, Bowling Green, Kentucky, the Paying Agent and Registrar, to each bondholder of record as of the 15th day of the month preceding the due date. The Paying Agent will pay the principal or redemption price of the Bonds upon presentation of matured or called bond certificate(s) at the principal office of the Paying Agent in Bowling Green, Kentucky.

Any Bond is transferable upon presentation of such Bond and proper endorsement at the principal office of the Registrar in Bowling Green, Kentucky, without expense to the Bondholder.

Bonds maturing on and after May 1, 1997, are redeemable prior to maturity in accordance with the terms of the Series I Resolution and as described on the cover page hereof.

Security

The Series I Bonds, together with the outstanding Series A through Series H Bonds and additional parity bonds hereafter issued and outstanding under the terms of the Resolution and subsequent Series Resolutions are payable from and constitute a paramount charge upon the Revenues to be derived by the University from the operation of its Consolidated Educational Buildings Project. The fee imposed upon and collected from all students of the University at Bowling Green, Kentucky, as an incident to registration at the beginning of each semester of the regular academic year and each summer session is designated as the primary source of Revenues of the Consolidated Educational Buildings Project. Such fees are known as Student Registration Fees (the "Registration Fees") and the Board of Regents covenants that the same will be fixed (and if necessary revised and increased from time to time) at such rates as may be required to pay the interest on and principal of the Bonds as they respectively

mature, to provide revenues therefor and to pay the operating costs of the Project to the extent they are not otherwise provided. All collections of the Student Registration Fee are to be set aside, as received, into the Consolidated Educational Buildings Project Revenue Fund and are made subject to a first lien and paramount charge for the security and source of payment of the Consolidated Educational Buildings Revenue Bonds.

As further security for the principal of and interest on the Bonds, there is created and granted by Sections 162.350 and 162.200 of the Kentucky Revised Statutes a statutory mortgage lien upon the Consolidated Educational Buildings Project.

DISPOSITION OF BOND PROCEEDS

Upon delivery of the Series I Bonds, 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 into the "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund" established by the Resolution) and shall be applied to the payment of the interest becoming due on the Series I Bonds on May 1, 1987.

Next, there shall be deposited into the Bond Fund, for the purpose of funding a debt service reserve therein, an amount which, together with other funds expected to be available during the current biennium for such purpose, is equal to the maximum Aggregate Principal, Interest and Bond Fund Charges in any future year. See "Reserve Account" under "Certain Provisions of the Basic Resolution".

The balance of Bond proceeds shall be deposited in the State Treasury of the Commonwealth of Kentucky into an account designated "Western Kentucky University Consolidated Educational Buildings Project - Series I Bond Proceeds Construction Account" (the "Construction Account").

The balance in the Construction Account shall be disbursed by the State Treasurer in accordance with inspection, audit and disbursement procedures as may from time to time be provided by law, for the purpose of paying the costs of issuance of the Series I Bonds and the costs of the repairs, renovation and replacements to the Project and necessary appurtenant facilities hereinbefore described. Such disbursements shall be made only upon certification of the respective Engineers having supervision of the construction, 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.

The Commonwealth and the Board may be reimbursed from the Construction Account for any proper expenditures previously made by them in connection with the construction.

Disbursements from the Construction Account for payments of costs of issuance of the Bonds are not subject to certification by the Engineers.

Any balance remaining in the Construction Account after payment of all project costs shall be deposited in the Bond Fund; provided, however, that if proceedings are pending or imminently contemplated for the construction of one or more additional educational buildings constituting a part of the Consolidated Educational Buildings Project, any such unexpended balance may be taken into account and applied to the costs thereof.

CERTAIN PROVISIONS OF THE BASIC RESOLUTION

On August 15, 1960, the Board adopted the Resolution which created the Consolidated Educational Buildings Project and authorized the issuance of its Consolidated Educational Buildings Revenue Bonds.

The following statements are intended to provide only brief summaries of selected pertinent provisions of the Resolution. For detailed and complete information, reference is hereby made to the Resolution, copies of which are on file with the University and with Bowling Green Bank and Trust Company, Bowling Green, Kentucky, the Trustee for the holders of the Series I Bonds (the "Trustee"). For purposes of this description, the Resolution and the Series A, B, C, D, E, F, G, H, and Series I, Resolutions, collectively, and the Revenue Bonds issued thereunder, collectively, shall be referred to as the "Resolutions" and the "Bonds," respectively.

Application of Revenues

There is created and established a special fund known as the Consolidated Educational Buildings Project Revenue Fund (the "Revenue Fund") in the custody of the Treasurer of the Board of Regents, separate and apart from other funds of the University. Such Revenue Fund shall be maintained so long as any of the Bonds are outstanding as a trust fund in one or more banks which shall be members of the Federal Deposit Insurance Corporation and shall be expended and used by the Treasurer only in the manner and order specified in the Resolutions. Upon the issuance and delivery of any Bonds pursuant to the Resolutions, all Revenues derived from the Consolidated Educational Buildings Project shall be deposited as collected in the Revenue Fund to be held and administered by the Treasurer of the Board and shall be paid out and applied for the uses and purposes for which such moneys are pledged by the provisions of the Resolution.

1. Bond and Interest Sinking Fund: There is created and established in the Resolution a special account known as the Consolidated Educational Buildings Project Bond and Interest Sinking Fund (the "Bond Fund") which is maintained by and in the custody

of the Trustee so long as any Bonds are outstanding. The Bond Fund shall be used by the Trustee to pay interest on the Bonds as the same becomes due from time to time and to pay and retire the Bonds as they become due, or as otherwise provided in the Resolutions. From and after the issuance of any Bonds and thereafter commencing on May 1 of each year, the Treasurer shall transfer from the Revenue Fund and deposit to the credit of the Bond Fund all the Revenues as and when the same are received and deposited into the Revenue Fund, until there has been so deposited and paid into the Bond Fund an amount equal to the total interest and principal becoming due on or prior to the succeeding May 1 on all Bonds then outstanding, plus such amount as may be provided in a pertinent Series Resolution to be deposited in the Bond Fund during such year to provide for the retirement of all outstanding Bonds scheduled to mature on the next ensuing May 1, plus such amount as may be provided in any pertinent Series Resolution to be deposited in the Bond Fund during such year to provide for the retirement of Bonds scheduled to mature on May 1 of any subsequent year.

2. Reserve Fund: For the purpose of creating and maintaining a reserve in the Bond Fund equal to the maximum Aggregate Principal, Interest and Bond Fund Charges, as such term is defined below, the amount to be set aside into the Bond Fund shall be 125% of the amounts set forth above until such reserve is so accumulated, and thereafter the same shall be resumed and continued whenever and so long as required to restore and maintain such reserve. Aggregate Principal, Interest and Bond Fund Charges means "as of any particular date of computation and with respect to a particular twelve month period, of an amount of money equal to the aggregate of the amounts required by the provisions of the Resolution and all Series Resolutions to be paid into the Bond Fund in such twelve month period for account of the interest on all outstanding Bonds becoming due during such twelve-month period and to accomplish the retirement of the principal of all outstanding Bonds at or prior to the maturity thereof."

The amounts by which the above payments exceed the Aggregate Principal, Interest and Bond Fund Charges in any particular twelve-month period shall be held in the Bond Fund as a reserve. Moneys in the Bond Fund in excess of the Aggregate Principal, Interest and Bond Fund Charges and the prescribed reserve may be used to purchase or redeem Bonds in advance of maturity.

When all required payments into the Bond Fund have been made in any particular twelve month period ending May 1, any moneys remaining in the Reserve Fund may be used by the Board to pay the operating costs of the Project or may be used for the purchase or retirement of Bonds in advance of maturity or for any other lawful purpose.

Application of Bond Proceeds

Any amounts received upon delivery of a Series of Bonds in payment of accrued interest thereon shall be deposited by the Treasurer into the Bond Fund.

There shall be established in the State Treasury of the Commonwealth an account designated Western Kentucky University Consolidated Educational Buildings Project - Series I Bond Proceeds Construction Account (the "Construction Account"). Proceeds derived from time to time from the sale of Series of Bonds shall be deposited into the Construction Account and disbursements shall be made solely for defraying the costs of erecting buildings and appurtenances which will become parts of the Consolidated Educational Buildings Project and in accordance with inspection, audit and disbursement procedures provided by law. The aforesaid costs may include engineering, accounting, legal and fiscal expenses incurred in connection with the issuance of the Bonds and capitalized interest.

Additional Bonds

The Board covenants and agrees that it will not create or permit the creation of or issue any bonds which will have a priority over the charge on the Revenues or the payments to be made into the Bond Fund.

Additional bonds ranking on a parity with Bonds outstanding may be issued for the purpose of erecting additional educational building or buildings and necessary appurtenances, provided:

1. that at the time of the issuance of the additional bonds there is no deficiency in the amounts required to be paid into the Bond Fund, and

2. that the average of the annual Revenues from the Project for the two fiscal years immediately preceding the issuance of the additional bonds, as indicated in a statement by the Treasurer of the Board to be filed with the Trustee, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Bonds then outstanding and the additional bonds proposed to be issued. For the purpose of computing average annual Revenues, the Treasurer shall make an adjustment in the amount of annual Revenues to reflect any increase or decrease in the Student Registration Fees being imposed at the time for the services of the Project.

The issuance of such additional bonds shall be pursuant to the terms of an appropriate Series Resolution adopted by the Board in accordance with the provisions of the Resolution.

Additional Bonds ranking on a parity with Bonds outstanding may also be issued for the purpose of refunding all or any part of the Bonds as may be outstanding.

Default and Remedies

The Resolution declares certain events to be "events of default". These events include failure to pay principal when the same shall become due; or failure to pay any installment of interest when same shall become due or within 30 days thereafter; the Board's being rendered incapable of fulfilling its obligations under the Resolution; any buildings representing a part of the Project being destroyed or damaged and not being repaired or replaced and insurance proceeds not being deposited in the Bond Fund; any order or decree being entered with the consent or the acquiescence of the Board appointing a receiver of all or part of the Project or Revenues therefrom; any default by the Board for 30 days continuing after written notice by the Trustee (who is required to give such notice at the written request of the holders of 15% in principal amount of the outstanding Bonds) in the due and punctual performance of any covenant, condition, agreement or provision in the Resolution or any Series Resolution or in the Bonds.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty five percent (25%) in principal amount of the Bonds then outstanding shall, by a notice in writing to the Board, declare the principal of all the Bonds then outstanding to be due and payable immediately and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Resolution or any Series Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, moneys shall have accumulated in the Bond Fund sufficient to pay all arrears of interest, if any, upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution or any Series Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration of default) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not

less than twenty five percent (25%) in principal amount of the Bonds then outstanding shall, by written notice to the Board, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may proceed, and upon the written request of holders of not less than fifteen percent (15%) in principal amount of the Bonds then outstanding under the Resolution shall proceed to protect and enforce its rights and the rights of the Bond holders under the laws of the Commonwealth of Kentucky or under the Resolution or any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Resolution or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Board for principal, interest or otherwise under any of the provisions of the Resolution or any Series Resolution or of the Bonds and unpaid together with any and all costs and expenses of collection and of all proceedings under the Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Board, but solely as provided in the Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (solely from moneys in the Bond Fund and the Revenues of the Project pledged to the payment of the Bonds by the Resolution) in any manner provided by law, the moneys adjudged or decreed to be payable.

Other Covenants

The Board covenants and agrees that, among other things:

1. it will establish, maintain and collect, as long as any Bonds are outstanding, such Student Registration Fees for the services of the Project as may be necessary (a) to pay the interest on and principal of the Bonds as they respectively mature, to provide reserves therefor and (b) to pay the operating costs of the Project to the extent they are not otherwise provided. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in Revenues, the Board further covenants and agrees to establish, maintain and collect such Student Registration Fees for the services of the Project as will produce Revenues in each twelve month period ending May 1 equal to at least 110% of the current Aggregate Principal, Interest and Bond Fund Charges;

2. while any of the Bonds are outstanding, it will, except as hereinbefore set forth under "Application of Revenues," pay the current operating costs of the Project from available funds other than the Revenues derived from the Project;

3. it will procure and maintain, to the extent available, fire and extended coverage insurance on the Project in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed 80% of the full insurable value of the Project;

4. unless provision is otherwise made by law for disposition by the Commonwealth of Kentucky of claims made against the University for bodily injury and/or death which may arise from the operations of the Board, it will, if such insurance is not already in force, procure and maintain public liability insurance with limits of not less than \$50,000/\$100,000 to protect the Board from claims for bodily injury and/or death which may arise from the operations of the Board, including any use or occupancy of its grounds, structures and vehicles;

5. it will keep accurate financial records and proper books relating to the Project; such records and books shall be open to inspection by the bondholders and their agents and representatives; and not later than 90 days after the close of each fiscal year it will furnish to the Trustee, and to any bondholder who shall request the same in writing, copies of audit reports, prepared by an independent certified public accountant or a firm of such accountants who shall be satisfactory to the Trustee, or prepared by an appropriate State auditing official, reflecting in reasonable detail the financial condition and record of operation of the University, the Project, and the pledged Revenues during the preceding fiscal year;

6. it will at all times maintain, preserve and keep the Project and every part thereof in good condition, repair and working order; and will from time to time make all needful and proper repairs, replacements, additions, betterments and improvements so that the operations and business of the Project shall at all times be conducted efficiently, properly and advantageously;

7. whenever any portion of the Project shall have been worn out or destroyed or shall have become obsolete, inefficient or otherwise unfit for use, the Board will procure and install substitutes of at least equal value, utility and efficiency, so that the value and efficiency of the Project will at all times be fully maintained;

8. it will faithfully observe and perform all of its conditions, covenants and obligations provided for by the Resolution.

GENERAL OPERATIONS OF THE UNIVERSITY

Enrollment

The following schedule indicates the fall semester total student enrollment and full-time equivalent enrollment for each of the academic years 1974-75 through 1985-86:

<u>Academic Year</u>	<u>Fall Semester Enrollment</u>	
	<u>Total</u>	<u>Full-Time Equivalent*</u>
1974-75	12,696	10,145
1975-76	13,040	10,709
1976-77	13,386	10,917
1977-78	13,490	10,411
1978-79	13,305	10,187
1979-80	13,532	10,330
1980-81	13,358	10,471
1981-82	13,174	10,478
1982-83	12,885	10,334
1983-84	12,666	10,012
1984-85	11,771	9,383
1985-86	11,259	8,798
1986-87	12,197	9,183

*Full-time and part-time enrollment equated to full-time enrollment.

In reviewing enrollment projections, consideration has been given to planning for adequate academic and housing accommodations for future enrollments. The programs will be developed so that academic and housing facilities will not be limiting factors on the enrollment growth projected. The enrollment projection for the University is set forth in the following tabulations:

<u>Academic Year</u>	<u>Estimated Fall Full Time Equivalent Enrollment</u>
1987-88	9,480
1988-89	9,580
1989-90	9,530
1990-91	9,225
1991-92	8,975
1992-93	8,675

Approximately 10% of the students enrolled in the University are non-residents of Kentucky, and it is anticipated that the percentage of non-resident enrollments will show a moderate increase in future years.

Student Registration Fees

The Board of Regents with the approval of the Kentucky Council on Higher Education has established a schedule of Student Registration Fees to be imposed, charged and collected for the services of the Project from all students attending the University. The schedule of fees effective with the fall term of 1987, together with the previous schedule of fees are as follows:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Semester Registration Fee					
Undergraduate					
Resident Students	\$ 388	\$ 415	\$ 422	\$ 470	\$ 500
Nonresident Students	1,163	1,245	1,327	1,410	1,500
Graduate					
Resident	427	457	486	520	550
Non-Resident	1,279	1,370	1,459	1,560	1,650
Per Credit Hour Summer School Registration Fee					
Undergraduate					
Resident	34	37	39	42	45
Non-Resident	99	106	113	120	128
Graduate					
Resident	50	53	57	62	65
Non-Resident	145	155	165	177	187

Summary of Revenues of the Project

The proceeds received by the University from the imposition and collection of the Student Registration Fee for each of the years 1974-75 through 1985-86 are shown in the tabulation set forth below. The tabulation does not include the proceeds derived from a variety of miscellaneous fees charged and collected from each student attending the University which are not pledged as Revenues of the Project or to the security of the Bonds.

<u>Fiscal Year</u>	<u>Total of Registration Fees Collected</u>
1974-75	\$ 5,426,600
1975-76	5,720,600
1976-77	5,746,900
1977-78	6,904,400
1978-79	6,965,400
1979-80	7,620,500
1980-81	8,127,400
1981-82	8,303,600
1982-83	9,617,600
1983-84	10,723,400
1984-85	10,645,900
1985-86	10,762,300

Estimated Future Revenues of the Project

On the basis of the Student Registration Fees effective with the fall term of 1987 and thereafter, it is estimated that the revenues of the Project for each of the academic years 1985-86 through 1992-93 will be as set forth in the tabulation below. The estimates are based on the schedule of fees which have been approved effective with the fall term of 1987.

<u>Fiscal Year</u>		<u>*Estimated Total of Collection of Registration Fee</u>
1984-85	(Adjusted)	\$13,130,000
1985-86	(Adjusted)	12,457,000
1986-87		13,389,000
1987-88		13,565,000
1988-89		13,782,000
1989-90		13,780,000
1990-91		13,297,000
1991-92		13,019,000
1992-93		12,582,000

*Consolidated Educational Buildings Revenue Bonds are payable from and constitute a paramount charge upon the amounts shown in this column.

Financial Statements

Attached as Exhibit A are audited financial statements of the University, as of, and for the 12-month period ending June 30, 1986, with comparative figures at June 30, 1985. The amounts shown have been furnished by the Treasurer of the University.

Schedule of Outstanding Bonds

The University has heretofore issued its Housing and Dining System Revenue Bonds to finance certain additions to the physical plant of the University, but said revenue bonds are not payable from nor secured by the revenues of the Project pledged to the payment of Consolidated Educational Buildings Revenue Bonds.

A schedule of the University's outstanding Revenue Bonds is shown in Schedule of Bonds Payable, at page 43 of Exhibit A, the financial statements.

COVERAGE OF DEBT SERVICE REQUIREMENTS

Maximum Annual Debt Service, Series A through I (1996)	\$ 2,690,850
1984-85 Project Revenues (Actual)	10,645,900
Times Maximum Annual Debt Service Covered	3.96x
1984-85 Project Revenues (Adjusted)	13,130,000
Times Maximum Annual Debt Service Covered	4.88x
1985-86 Project Revenues (Actual)	10,762,300
Times Maximum Annual Debt Service Covered	4.00x
1985-86 Project Revenues (Adjusted)	12,457,000
Times Maximum Annual Debt Service Covered	4.63x
1986-87 Estimated Project Revenues	13,389,000
Times Maximum Annual Debt Service Covered	4.98x
1987-88 Estimated Project Revenues	13,565,000
Times Maximum Annual Debt Service Covered	5.04x
Calculation for Parity Bonds*	
Average of 1984-85 and 1985-86 Adjusted Project Revenues	12,793,500
Times Maximum Annual Debt Service Covered	4.75x

* Certified by Treasurer of the University. Coverage of 1.25x is required by the Resolution before issuance of parity bonds.

Federal Interest Grant

The University obtained a U.S. Department of Health, Education, and Welfare (now Health and Human Services) Annual Interest Grant to aid in the construction of the Fine Arts Center, pursuant to which the Government agreed to assist in paying the interest on the eligible portion of the Series H Bonds originally issued in 1971. The Annual Interest Grant Agreement now provides for an Annual Interest Grant Payment of \$102,146. The University has irrevocably covenanted to deposit all such moneys received from the Federal Government under this Annual Interest Grant into

the Revenue Fund, whereupon such moneys shall be subject to all provisions governing such Fund.

The operations of the University in recent years have been supported in part by funds appropriated to the University by the Kentucky General Assembly (the "General Assembly"). The amount of funds so appropriated has been based in part on the debt service on the University's outstanding bonds. Some of these funds have been used to replace the portion of the Student Registration Fees and other revenues actually deposited in the revenue fund established under the Basic Resolution and applied to the payment of debt service on such bonds. The Board presently intends, but is not obligated, to continue to seek to have funds appropriated by the General Assembly to partially support the operations of the University. THE GENERAL ASSEMBLY IS UNDER NO OBLIGATION TO MAKE APPROPRIATIONS FOR PAYMENTS ON THE BONDS. IN ADDITION, THERE CAN BE NO ASSURANCE THAT IN THE PERFORMANCE OF HIS OR HER OBLIGATION TO BALANCE THE STATE BUDGET ANNUALLY, THE GOVERNOR WILL NOT REDUCE OR ELIMINATE ANY APPROPRIATIONS WHICH ARE MADE. THE BONDS ARE SECURED BY AND PAYABLE SOLELY FROM THE REVENUES, AND NOT SUCH APPROPRIATIONS.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

Fiscal Year Ending June 30	Existing Debt Service Series B-H	Proposed Series I Bonds \$8,450,000 @ 7.20% (est.)			Estimated Total Debt Service Series B - I
		Principal	Interest	Total	
1987	\$1,931,458.75		\$295,293.75	\$ 295,293.75	\$2,226,752.50
1988	1,931,311.25	\$125,000	590,587.50	715,587.50	2,646,898.75
1989	1,932,072.50	170,000	584,337.50	754,337.50	2,686,410.00
1990	1,932,673.75	180,000	575,412.50	755,412.50	2,688,086.25
1991	1,936,522.50	185,000	565,512.50	750,512.50	2,687,035.00
1992	1,934,062.50	200,000	554,967.50	754,967.50	2,689,030.00
1993	1,934,887.50	210,000	543,167.50	753,167.50	2,688,055.00
1994	1,937,992.50	220,000	530,357.50	750,357.50	2,688,350.00
1995	1,933,502.50	240,000	516,607.50	756,607.50	2,690,110.00
1996	1,879,602.50	310,000	501,247.50	811,247.50	2,690,850.00
1997	1,914,400.00	295,000	480,942.50	775,942.50	2,690,342.50
1998	1,916,190.00	310,000	461,177.50	771,177.50	2,687,367.50
1999	1,919,525.00	330,000	440,097.50	770,097.50	2,689,622.50
2000	1,919,212.50	350,000	417,327.50	767,327.50	2,686,540.00
2001	1,924,987.50	370,000	392,827.50	762,827.50	2,687,815.00
2002	876,450.00	750,000	366,557.50	1,116,557.50	1,993,007.50
2003	854,425.00	825,000	312,557.50	1,137,557.50	1,991,982.50
2004	855,550.00	760,000	252,332.50	1,012,332.50	1,867,882.50
2005	854,500.00	815,000	196,092.50	1,011,092.50	1,865,592.50
2006	861,275.00	870,000	135,375.00	1,005,375.00	1,866,650.00
2007	865,275.00	935,000	70,125.00	1,005,125.00	1,870,400.00
2008	873,700.00				
2009	579,200.00				
2010	588,300.00				

BOND FUND RESERVE

The Resolution requires the creation (within four years following the issuance of a Series of Bonds) and maintenance of a reserve (the "Bond Fund Reserve") in the Bond Fund in an amount equal to the maximum aggregate principal, interest and bond fund charges in any future twelve-month period. The Trustee reports that on June 30, 1986, there was on deposit in the Bond Fund Reserve a total of \$1,937,993, which satisfied the Bond Fund Reserve requirement prior to the issuance of the Series I Bonds. A deposit will be made into the Bond Fund Reserve from the proceeds of the Series I Bonds which, together with other payments to be made by the University from other available funds, is expected to provide by June 30, 1987, the estimated Bond Fund Reserve requirement of \$2,690,850 resulting from the issuance of the Series I Bonds.

TAX TREATMENT

In the opinion of Bond Counsel, interest on the Series I Bonds is not includable in gross income for Federal income tax purposes under the Internal Revenue Code of 1986 (the "Code") as presently enacted and construed.

The Series I Bonds are not "specified private activity bonds" under Section 57(a)(5) of the Code and therefore the interest thereon is not an item of tax preference in determining "alternative minimum taxable income" under the Code. However, interest on the Series I Bonds, as well as all other interest excludable from gross income under the Code ("tax-exempt interest"), is includable in computing "adjusted net book income" for purposes of determining the alternative minimum taxable income of a corporation in taxable years beginning in 1987 through 1989 and is includable in computing "adjusted current earnings" for purposes of determining the alternative minimum taxable income of a corporation in taxable years beginning after 1989.

The Code disallows as a deduction 100% of the interest expense incurred by commercial banks, thrift institutions, and other financial institutions in taxable years beginning after December 31, 1986, to the extent such interest expense is allocable to tax-exempt obligations acquired after August 7, 1986, including the Series I Bonds. However, as an exception to this 100% disallowance rule, financial institutions must reduce by only 20% the amount of their interest expense incurred in taxable years beginning after December 31, 1986, to the extent such interest expense is allocable to "qualified tax-exempt obligations". Bond Counsel is of the opinion that, assuming compliance with the covenants and representations of the Board contained in the Series I Resolution, the Series I Bonds will be "qualified tax-exempt obligations" under the Code and will, therefore, be subject to the 20% disallowance rule rather than the 100% disallowance rule described above.

For purposes of determining their taxable income under the Code, property and casualty insurance companies must reduce their losses incurred in taxable years beginning after December 31, 1986, by an amount equal to 15% of the tax-exempt interest they receive or accrue during such taxable years on obligations acquired after August 7, 1986, including interest on the Series I Bonds.

Recipients of Social Security benefits must include tax-exempt interest income, including interest on the Series I Bonds, in computing their "modified adjusted gross income" for purposes of determining to what extent, if any, such benefits are includable in their gross income.

Purchasers of the Series I Bonds should consult their tax advisors for a further description of the Federal income tax rules

mentioned above and for an analysis of the effect on their individual tax situations of their ownership of the Series I Bonds and their receipt of interest on the Series I Bonds.

In the opinion of Bond Counsel, under the laws of the Commonwealth as presently enacted and construed, the Series I Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by the Commonwealth and all of its political subdivisions and taxing authorities.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series I Bonds, or in any way contesting or affecting the validity of the Series I Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Series I Bonds or the due existence or powers of the University.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Series I Bonds are subject to the approval of Wyatt, Tarrant & Combs, Louisville, Kentucky, Bond Counsel to the University. The unqualified approving legal opinion of Bond Counsel will be printed on the Series I Bonds and will contain a statement of tax treatment as represented herein. Bond Counsel has reviewed the information herein pertaining to the Bonds under the headings "Description of Bonds", "Security", "Disposition of Bond Proceeds", "Certain Provisions of the Basic Resolution", and "Tax Treatment" and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Said firm has not otherwise participated in the preparation of the Official Statement or the Exhibits attached hereto and has not verified the accuracy or completeness of the information contained under any heading other than those stated above, nor of any financial information, enrollment numbers, projections, or computations relating thereto, and, therefore, can make no representation with respect to such information. The matters set forth under "Absence of Material Litigation" will be contained in a "No-Litigation Certificate" which will be delivered by the University with the Series I Bonds.

FINANCIAL ADVISOR

The Series I Bonds will be sold by the solicitation and receipt of sealed, competitive bids. First Kentucky Securities Corporation, Frankfort, Kentucky, Financial Advisor to the University, has requested, and received, permission and approval of the Board of Regents of the University to bid, either alone or

in conjunction with others, on the Series I Bonds. The Financial Advisor has expressed its intent to so bid.

APPROVAL OF ISSUANCE OF BONDS

Issuance of the Series I Bonds by the University and the terms thereof were approved by Resolution duly adopted by the Kentucky State Property and Buildings Commission on September 24, 1986.

Pursuant to Chapter 42 of the Kentucky Revised Statutes, issuance of the Series I Bonds will also be approved by the Kentucky Finance and Administration Cabinet, Office for Investment and Debt Management.

RATING

Moody's Investors Service has given the Bonds the rating set forth on the cover page of this Official Statement. Such rating reflects only the opinion of such organization. There can be no assurance that such rating will be maintained for any given period of time or that it will not be revised or withdrawn entirely. Any downward revision or withdrawal of such rating may have a material adverse effect on the market price of the Bonds.

* * * * *

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes, the Basic Resolution and the Series Resolutions contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Basic Resolution and the Series I Resolution may be obtained from First Kentucky Securities Corporation, P.O. Box 554, Frankfort, Kentucky 40602-0554.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the University and the purchaser or holders of any of the Bonds.

WESTERN KENTUCKY UNIVERSITY

/s/ Joseph Iracane
Chairman
Board of Regents

ATTEST:

/s/ Elizabeth W. Esters
Secretary