Shepherd University Board of Governors
May 13, 2004
Agenda Item No. 6

INFRASTRUCTURE AND SHAW AND THACHER HALL RENOVATION FINANCING

With the decision to delay the new West Campus Student Housing Project for an opening in Fall 2006, the University still needs to address the expense of the renovations to Shaw and Thacher Hall and the infrastructure work that needs to go forward in the West Campus property north of the West Woods halls. The capital expenditures for the two residence halls will include asbestos abatement, window replacements, and a limited amount of other renovations which should be done while the buildings are completely 'off-line.'

The underwriting team at Ferris Baker Watts has recommended a twenty-year bond for the infrastructure project and a temporary financing note for the Shaw/Thacher renovations. The following parameters resolutions would authorize moving forward in that fashion.

For the infrastructure, twenty-year bonds would be authorized, for an aggregate not to exceed $3.9 million, with net interest not to exceed 7%. This will be funded with the new capital fee approved by the Board in April.

For the residence hall renovations, the notes would be for an aggregate of not to exceed $2 million, at net interest not to exceed 5%. The intention would be to redeem the notes with the issuance of the student housing project bonds in Spring 2005, with maturity not later than December 1, 2006. If the student housing project does not go forward, the University would liquidate the notes with housing account reserves.

University staff and the underwriters continue to work on the final financial analysis. An updated copy of the feasibility analysis that would be forward to the HEPC will be distributed as a supplement to the Agenda Book.

The following resolutions are recommended for adoption by the Board:

1.

RESOLUTION OF THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS OF NOT TO EXCEED $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SHEPHERD UNIVERSITY BOARD OF GOVERNORS UNIVERSITY FACILITIES REVENUE NOTES, SERIES 2004A; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE WITH RESPECT TO THE NOTES; AUTHORIZING THE SALE OF THE NOTES TO FERRIS BAKER WATTS, INCORPORATED, PURSUANT TO A NOTE PURCHASE AGREEMENT RELATING THERETO AND THE EXECUTION AND DELIVERY OF SUCH NOTE PURCHASE AGREEMENT; AUTHORIZING OR RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR THE NOTES AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT RELATING TO THE NOTES; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE NOTES INCLUDING BUT NOT LIMITED TO A CONTINUING DISCLOSURE AGREEMENT AND A TAX REGULATORY AGREEMENT; DELEGATING TO THE PRESIDENT OF SHEPHERD UNIVERSITY AND THE CHAIRPERSON AND VICE-CHAIRPERSON OF SHEPHERD UNIVERSITY BOARD OF GOVERNORS CERTAIN RESPONSIBILITIES IN CONNECTION WITH THE SALE AND ISSUANCE OF THE NOTES; AND TAKING OTHER ACTIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF THE NOTES.

WHEREAS, Shepherd University (the "University") has undertaken the planning, design, acquisition, construction and equipping of certain renovations and improvements to Shaw Hall and Thacher Hall and other capital renovations and improvements to the University's residence halls (collectively, the "Project"); and

WHEREAS, by Resolution adopted on January 8, 2004, as supplemented and amended by Resolution adopted on April 8, 2004 (collectively, the "Inducement Resolution"), the Shepherd University Board of Governors (the "Board") approved, and by this Resolution does hereby approve, the Project and the financing of the costs thereof through the issuance of revenue notes by the Board; and

WHEREAS, pursuant to the authority contained in Chapter 18, Article 23 (the "Act"), this Board is authorized to issue revenue notes (as hereinafter defined, the "Notes") for the purposes of (i) financing the costs of planning, design, acquisition, construction and equipping of the Project, (ii) establishing a debt service reserve fund for the Notes, (iii) capitalizing interest on the Notes, and (iv) paying the costs of issuance of the Notes and related costs; and

WHEREAS, this Board has determined to issue not to exceed $2,000,000 in aggregate principal amount of its University Facilities Revenue Notes, Series 2004A (the "Notes"), for the purposes set forth above; and

WHEREAS, either the West Virginia Higher Education Policy Commission has previously approved the issuance of the Notes and the Project or such approval will be a condition precedent to the sale and issuance of the Notes; and

WHEREAS, the Notes will be issued pursuant to the terms of and secured under a Bond Trust Indenture and Security Agreement (the "Indenture"), between the Board and a trustee to be designated by an Authorized Officer (the "Trustee"); and

WHEREAS, the principal of, premium, if any, and interest on the Notes will be payable from (i) a portion of the proceeds of certain University facilities revenue bonds anticipated to be issued by the Board in 2005, (ii) the proceeds of refunding University facilities revenue notes or bonds issued by the Board, (iii) other funds of the University lawfully available for such purpose, and/or (iv) the revenues of all dormitories, housing facilities and food service facilities of the University, including without limitation the University's residence halls; and

WHEREAS, the Notes will be secured by the revenues of all dormitories, housing facilities and food service facilities of the University, including without limitation the University's residence halls; and other amounts held under the Indenture (the "Pledged Revenues"), and otherwise in the manner and to the extent to be provided for in the Indenture, and the Notes shall be special obligations of the State and shall not constitute debts of the State;

WHEREAS, the Notes will contain on the faces thereof provisions as aforesaid and as provided below; and

WHEREAS, it is in the best interest of this Board to grant to the President of the University and the Chairperson and Vice Chairperson of the Board (each, an "Authorized Officer") the power and authority to establish the final forms, terms and provisions of and execute the Notes, the Indenture and the Note Purchase Agreement, each as hereinafter defined; and

WHEREAS, this Board finds and represents that it has full power and authority to issue the Notes and to make the pledges for the payment thereof as described herein and to be more particularly set forth in the Indenture and the Notes, and to execute and deliver the Indenture and such other documents hereinafter described and, on behalf of the owners of the Notes, to grant a lien on and security interest in the proceeds of the University facilities revenue bonds anticipated to be issued by the Board in 2005 and the Pledged Revenues and the other funds pledged under the Indenture, all pursuant to the Act, and to execute and deliver such other documents and to take the actions contemplated thereby;

NOW, THEREFORE, BE IT RESOLVED BY SHEPHERD UNIVERSITY BOARD OF GOVERNORS AS FOLLOWS:

Section 1. **Findings and Determinations**. This Board specifically finds and determines as follows:

(a) It has full power and authority to issue the Notes and to make the pledges for the payment thereof as described herein and to be more particularly described and set forth in the Indenture, and to enter into the Indenture and the other agreements relating to the Notes and the Project, and this Board has taken or will take by the adoption of this Resolution all actions necessary to authorize its proper officers to sign, seal and deliver the Indenture, the Note Purchase Agreement, the Notes and the other agreements relating thereto and to authorize or ratify the distribution of the Preliminary Official Statement and authorize the distribution of an Official Statement relating to the Notes.

(b) The Resolution is adopted pursuant to and in accordance with the provisions of the Act, and the Notes shall be issued pursuant to the Act.

(c) The Project is hereby approved, ratified and confirmed, and it is estimated that the cost of the Project will not be more than $2,000,000.

(d) It is in the best interests of this Board and the University that an Authorized Officer have the power and authority to approve the forms of various documents and to execute and deliver one or more certificates of this Board (whether one or more, the "Certificate of Determination") setting forth the final terms and provisions of the Notes, the Indenture, the Note Purchase Agreement and the other documents and agreements relating to the Notes.

Section 2. **Notes Authorized**. There is hereby authorized, subject to the provisions of the Resolution, the Certificate of Determination and the Indenture, the issuance by this Board of not to exceed $2,000,000 in aggregate principal amount of the Notes for the purposes of (i) financing the costs of the planning, design, acquisition, construction and equipping of the Project, (ii) establishing a debt service reserve fund for the Notes, (iii) capitalizing interest on the Notes; and/or (iv) paying the costs of issuance of the Notes and related costs.

Section 3. **Details of the Notes**. (a) The Notes shall contain a recital that they are issued pursuant to the Act and shall be designated as provided in the Indenture.

(b) The Notes shall be in the aggregate principal amount not to exceed $2,000,000 in the aggregate, bear interest at the rates, mature in the years and amounts, be subject to mandatory redemption, optional redemption and extraordinary redemption, and have such other terms as set forth in the Certificate of Determination relating to the Notes.

(c) The form of the Notes and other details with respect thereto shall be as set forth in the Indenture.

Section 4. **Sale of Notes**. The Notes shall be sold by this Board to Ferris Baker Watts, Incorporated (the "Underwriter"), pursuant to the Note Purchase Agreement to be executed and delivered by an Authorized Officer, in such form as the Authorized Officer executing the same may deem necessary or desirable, his or her execution of such document to be conclusive evidence of approval of the form of such Note Purchase Agreement, at the purchase price set forth in the Certificate of Determination, plus accrued interest on the Notes from their dated date to the date of delivery and payment for the Notes, on the terms and

conditions to be set forth in the Note Purchase Agreement and upon the basis of the representations therein and herein set forth. Each Authorized Officer and the Secretary of this Board are hereby authorized and directed to carry out or cause to be carried out all obligations of this Board under said Note Purchase Agreement, when executed, and the Chairperson of this Board is hereby authorized and directed to execute, and to request the Governor and the Secretary of State of West Virginia to execute, and to deliver the Notes to the Trustee for authentication and to instruct the Trustee to deliver the Notes to the Underwriter upon receipt of the purchase price thereof in accordance with the provisions of the Note Purchase Agreement, and to execute and deliver all documents and instruments required in connection therewith.

Section 5. Official Statement. The preparation and distribution of a preliminary official statement with respect to the Notes (the "Preliminary Official Statement"), in such form approved by an Authorized Officer, are hereby authorized or ratified and approved. An Authorized Officer is hereby authorized and directed to execute and deliver a final official statement on behalf of this Board for the Notes, which final official statement shall be in the form of the preliminary official statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Notes and as the Authorized Officer executing the same may approve (the "Official Statement"). The execution of the Official Statement by an Authorized Officer shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Underwriter for distribution.

Section 6. Substitution of Private Placement Memorandum and Private Placement Agreement for Official Statement and Note Purchase Agreement, Respectively. Notwithstanding the provisions of Sections 4 and 5 above or any other provision hereof to the contrary, upon the recommendation of the Underwriter, a Private Placement Agreement shall be substituted for the Note Purchase Agreement described in Section 4 above and in such event each Authorized Officer is authorized and directed to execute and deliver on behalf of the Board such a Private Placement Agreement among the Board, the Underwriter and the original purchaser or purchasers of the Notes, in such form as such Authorized Officer shall approve. The execution of such Private Placement Agreement by the Authorized Officer shall be conclusive evidence of such approval. Further, notwithstanding the provisions of Section 5 above or any other provision hereof to the contrary, upon the recommendation of the Underwriter, a Private Placement Memorandum shall be substituted for the Official Statement described in Section 5 above and in such event each Authorized Officer is authorized and directed to execute such a Private Placement Memorandum on behalf of the Board and to deliver the same to the Underwriter for distribution, said Private Placement Memorandum to be in such form as an Authorized Officer shall approve. The execution of the Private Placement Memorandum by such Authorized Officer shall be conclusive evidence of such approval.

Section 7. Certificate of Determination for the Notes. Each Authorized Officer shall have the power and authority to execute and deliver the Certificate of Determination for the Notes, which may include, without limitation, provisions (i) fixing the aggregate principal amount of the Notes to be issued, not to exceed $2,000,000, (ii) fixing the maturity schedule for such Notes, such maturity to be not prior to January 1, 2005, and not later than December 1, 2006, (iii) fixing interest rates or yields for such Notes, such rates or yields to result in a net interest cost not to exceed five percent (5%) per annum, (iv) fixing the amounts and times of mandatory redemption for such Notes, if any, (v) fixing optional redemption

provisions for such Notes, including times and redemption prices, (vi) fixing the purchase price for such Notes, which may include underwriting and original issue discounts and premiums, or any thereof, (vii) establishing the date of the Indenture, and (viii) designating a Trustee under the Indenture.

Section 8. **Indenture; Other Documents and Actions**. Each Authorized Officer is authorized and directed to approve the form, terms and provisions of the Indenture and each Authorized Officer is authorized and empowered for and on behalf of this Board to execute, acknowledge and deliver the Indenture and any other document, certificate, instrument or agreement required by the Act, the Resolution, the Note Purchase Agreement or the Indenture or otherwise necessary or convenient to carry out the transactions contemplated by this Resolution, the Note Purchase Agreement or the Indenture. Each Authorized Officer, the Secretary and any other proper officers of this Board are further hereby authorized and directed to execute and deliver any and all papers and instruments, including but not limited to certificates required in order to comply with state and federal securities and tax laws, regulations, practices and procedures upon distribution of the Official Statement or sale of the Notes and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Resolution, the Note Purchase Agreement and the Indenture.

Section 9. **Bond Counsel**. Bowles Rice McDavid Graff & Love LLP is hereby appointed as bond counsel for the Notes.

Section 10. **Application of Bond Proceeds**. The proceeds of sale of the Notes, including accrued interest, shall be applied as provided in the Indenture as executed by an Authorized Officer.

Section 11. **Special Obligations**. The Notes shall be secured by the pledge effected by the Indenture and shall be payable and secured by a pledge of the proceeds of the University facilities revenue bonds anticipated to be issued by the Board in 2005 and the Pledged Revenues and any other funds or assets described therein. The Notes, together with the interest thereon, are special obligations of the State and shall not constitute a debt of the State, and the credit or taxing power of the State shall not be pledged therefore, but the Notes shall be payable only from the revenues and funds pledged for their payment as provided in the Indenture. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Notes or for any claim based thereon, on the Resolution or on any of the documents executed in connection therewith against any official, member, officer or employee of this Board or the State or any person executing the Notes, and neither members of this Board nor any person executing the Notes shall be liable personally on the Notes by reason of the issuance thereof.

Section 12. **Delivery of Notes**. The Notes shall be executed as provided herein and in accordance with the provisions of the Indenture and shall be delivered to the Underwriter in accordance with the provisions of the Note Purchase Agreement, or to such other original purchaser or purchasers of the Notes as described in Section 6 above.

Section 13. **Designation of Notes as Qualified Tax-Exempt Obligations.** The Board hereby designates the Notes as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"),

and represents that the Notes do not constitute private activity bonds as defined in Section 141 of the Code and as determined in accordance with Section 265(b)(3) of the Code, and that not more than $10,000,000 aggregate principal amount of obligations, the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Notes will be issued by the Board or by any subordinate entity of the Board during the calendar year 2004, all as determined in accordance with the Code.

Section 14. **Effect**. This Resolution shall go into effect immediately upon adoption.

2.

RESOLUTION OF THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS OF NOT TO EXCEED $3,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SHEPHERD UNIVERSITY BOARD OF GOVERNORS INFRASTRUCTURE REVENUE BONDS, SERIES 2004B; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE WITH RESPECT TO THE BONDS; AUTHORIZING THE SALE OF THE BONDS TO FERRIS, BAKER WATTS, INCORPORATED, PURSUANT TO A BOND PURCHASE AGREEMENT RELATING THERETO AND THE EXECUTION AND DELIVERY OF SUCH BOND PURCHASE AGREEMENT; AUTHORIZING OR RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR THE BONDS AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT RELATING TO THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE BONDS, INCLUDING BUT NOT LIMITED TO A CONTINUING DISCLOSURE AGREEMENT AND A TAX REGULATORY AGREEMENT; DELEGATING TO THE PRESIDENT OF SHEPHERD UNIVERSITY AND THE CHAIRPERSON AND VICE-CHAIRPERSON OF SHEPHERD UNIVERSITY BOARD OF GOVERNORS CERTAIN RESPONSIBILITIES IN CONNECTION WITH THE SALE AND ISSUANCE OF THE BONDS; AND TAKING OTHER ACTIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF THE BONDS.

WHEREAS, Shepherd University (the "University") has undertaken the planning, design, acquisition, construction and equipping of certain roads, water and sewer system expansions, extensions and improvements and other infrastructure projects on the West Campus of the University and other capital renovations and improvements to the University's Campus (collectively, the "Project"); and

WHEREAS, by Resolution adopted on January 8, 2004, as supplemented and amended by Resolution adopted on April 8, 2004 (collectively, the "Inducement Resolution"), the Shepherd University Board of Governors (the "Board") approved, and by this Resolution does hereby approve, the Project and the financing of the costs thereof through the issuance of infrastructure revenue bonds by the Board; and

WHEREAS, pursuant to the authority contained in Chapter 18B, Article 10 (the "Act"), this Board is authorized to issue revenue bonds (as hereinafter defined, the "Bonds") for the purposes of (i) financing the costs of planning, design, acquisition, construction and equipping of the Project, (ii) establishing a debt service reserve fund for the Bonds, (iii)

capitalizing interest on the Bonds, and (iv) paying the costs of issuance of the Bonds and related costs; and

WHEREAS, this Board has determined to issue not to exceed $3,900,000 in aggregate principal amount of its Infrastructure Revenue Bonds, Series 2004B (the "Bonds"), for the purposes set forth above; and

WHEREAS, either the West Virginia Higher Education Policy Commission has previously approved the issuance of the Bonds and the Project or such approval will be a condition precedent to the sale and issuance of the Bonds; and

WHEREAS, the Bonds will be issued pursuant to the terms of and secured under a Bond Trust Indenture and Security Agreement (the "Indenture"), between the Board and a trustee to be designated by an Authorized Officer (the "Trustee"); and

WHEREAS, the principal of, premium, if any, and interest on the Bonds will be payable from and secured by the students fees previously approved by the Board for the Project and for the repayment of the Bonds and other amounts held under the Indenture (the "Pledged Revenues"), and otherwise in the manner and to the extent to be provided for in the Indenture, and the Bonds shall be special obligations of the State and shall not constitute debts of the State;

WHEREAS, the Bonds will contain on the faces thereof provisions as aforesaid and as provided below; and

WHEREAS, it is in the best interest of this Board to grant to the President of the University and the Chairperson and Vice Chairperson of the Board (each, an "Authorized Officer") the power and authority to establish the final forms, terms and provisions of and execute the Bonds, the Indenture and the Bond Purchase Agreement, each as hereinafter defined; and

WHEREAS, this Board finds and represents that it has full power and authority to issue the Bonds and to make the pledges for the payment thereof as in the Indenture and the Bonds more particularly set forth, and to execute and deliver the Indenture and such other documents hereinafter described and, on behalf of the owners of the Bonds, to grant a lien on and security interest in the Pledged Revenues and the other funds pledged under the Indenture, all pursuant to the Act, and to execute and deliver such other documents and to take the actions contemplated thereby;

NOW, THEREFORE, BE IT RESOLVED BY SHEPHERD UNIVERSITY BOARD OF GOVERNORS AS FOLLOWS:

Section 1. **Findings and Determinations**. This Board specifically finds and determines as follows:

(a) It has full power and authority to issue the Bonds and to make the pledges for the payment thereof as described herein and to be more particularly described and set forth in the Indenture, and to enter into the Indenture and the other agreements relating to the Bonds and the Project, and this Board has taken or will take by the adoption of this Resolution all actions

necessary to authorize its proper officers to sign, seal and deliver the Indenture, the Bond Purchase Agreement, the Bonds and the other agreements relating thereto and to authorize or ratify the distribution of the Preliminary Official Statement and authorize the distribution of an Official Statement relating to the Bonds.

(b) The Resolution is adopted pursuant to and in accordance with the provisions of the Act, and the Bonds shall be issued pursuant to the Act.

(c) The Project is hereby approved, ratified and confirmed, and it is estimated that the cost of the Project will not be more than $3,900,000.

(d) It is in the best interests of this Board and the University that an Authorized Officer have the power and authority to approve the forms of various documents and to execute and deliver one or more certificates of this Board (whether one or more, the "Certificate of Determination") setting forth the final terms and provisions of the Bonds, the Indenture, the Bond Purchase Agreement and the other documents and agreements relating to the Bonds.

Section 2. **Bonds Authorized**. There is hereby authorized, subject to the provisions of the Resolution, the Certificate of Determination and the Indenture, the issuance by this Board of not to exceed $3,900,000 in aggregate principal amount of the Bonds for the purposes of (i) financing the costs of the planning, design, acquisition, construction and equipping of the Project, (ii) establishing a debt service reserve fund for the Bonds, (iii) capitalizing interest on the Bonds, and/or (iv) paying the costs of issuance of the Bonds and related costs.

Section 3. **Details of the Bonds**. (a) The Bonds shall contain a recital that they are issued pursuant to the Act and shall be designated as provided in the Indenture.

(b) The Bonds shall be in the aggregate principal amount not to exceed $3,900,000 in the aggregate, bear interest at the rates, mature in the years and amounts, be subject to mandatory redemption, optional redemption and extraordinary redemption, and have such other terms as set forth in the Certificate of Determination relating to the Bonds.

(c) The form of the Bonds and other details with respect thereto shall be as set forth in the Indenture.

Section 4. **Sale of Bonds**. The Bonds shall be sold by this Board to Ferris, Baker Watts, Incorporated (the "Underwriter"), pursuant to the Bond Purchase Agreement to be executed and delivered by an Authorized Officer, in such form as the Authorized Officer executing the same may deem necessary or desirable, his or her execution of such document to be conclusive evidence of approval of the form of such Bond Purchase Agreement, at the purchase price set forth in the Certificate of Determination, plus accrued interest on the Bonds from their dated date to the date of delivery and payment for the Bonds, on the terms and conditions to be set forth in the Bond Purchase Agreement and upon the basis of the representations therein and herein set forth. Each Authorized Officer and the Secretary of this Board are hereby authorized and directed to carry out or cause to be carried out all obligations of this Board under said Bond Purchase Agreement, when executed, and the Chairperson of this

Board is hereby authorized and directed to execute, and to request the Governor and the Secretary of State of West Virginia to execute, and to deliver the Bonds to the Trustee for authentication and to instruct the Trustee to deliver the Bonds to the Underwriter upon receipt of the purchase price thereof in accordance with the provisions of the Bond Purchase Agreement, and to execute and deliver all documents and instruments required in connection therewith.

Section 5. **Official Statement**. The preparation and distribution of a preliminary official statement with respect to the Bonds (the "Preliminary Official Statement"), in such form approved by an Authorized Officer, are hereby authorized or ratified and approved. An Authorized Officer is hereby authorized and directed to execute and deliver a final official statement on behalf of this Board for the Bonds, which final official statement shall be in the form of the preliminary official statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Bonds and as the Authorized Officer executing the same may approve (the "Official Statement"). The execution of the Official Statement by an Authorized Officer shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Underwriter for distribution.

Section 6. **Certificate of Determination for the Bonds**. Each Authorized Officer shall have the power and authority to execute and deliver the Certificate of Determination for the Bonds, which may include, without limitation, provisions (i) fixing the aggregate principal amount of the Bonds to be issued, not to exceed $3,900,000, (ii) fixing the maturity schedule for such Bonds, including the amounts of serial bonds and term bonds, such maturities to be not prior to December 1, 2004, and not later than December 1, 2034, (iii) fixing interest rates or yields for such Bonds, such rates or yields to result in a net interest cost not to exceed seven percent (7%) per annum, (iv) fixing the amounts and times of mandatory redemption for such Bonds, (v) fixing optional redemption provisions for such Bonds, including times and redemption prices, (vi) fixing the purchase price for such Bonds, which may include underwriting and original issue discounts and premiums, or any thereof, (vii) establishing the date of the Indenture, and (viii) designating a Trustee under the Indenture.

Section 7. **Indenture; Other Documents and Actions**. Each Authorized Officer is authorized and directed to approve the form, terms and provisions of the Indenture and each Authorized Officer is authorized and empowered for and on behalf of this Board to execute, acknowledge and deliver the Indenture and any other document, certificate, instrument or agreement required by the Act, the Resolution, the Bond Purchase Agreement or the Indenture or otherwise necessary or convenient to carry out the transactions contemplated by this Resolution, the Bond Purchase Agreement or the Indenture. Each Authorized Officer, the Secretary and any other proper officers of this Board are further hereby authorized and directed to execute and deliver any and all papers and instruments, including but not limited to certificates required in order to comply with state and federal securities laws, regulations, practices and procedures upon distribution of the Official Statement or sale of the Bonds and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Resolution, the Bond Purchase Agreement and the Indenture.

Section 8. **Bond Counsel**. Bowles Rice McDavid Graff & Love LLP is hereby appointed as bond counsel for the Bonds.

Section 9. **Application of Bond Proceeds**. The proceeds of sale of the Bonds, including accrued interest, shall be applied as provided in the Indenture as executed by an Authorized Officer.

Section 10. **Special Obligations**. The Bonds shall be secured by the pledge effected by the Indenture and shall be payable and secured by a pledge of the Pledged Revenues and any other funds or assets described therein. The Bonds, together with the interest thereon, are special obligations of the State and shall not constitute a debt of the State, and the credit or taxing power of the State shall not be pledged therefore, but the Bonds shall be payable only from the revenues and funds pledged for their payment as provided in the Indenture. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon, on the Resolution or on any of the documents executed in connection therewith against any official, member, officer or employee of this Board or the State or any person executing the Bonds, and neither members of this Board nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

Section 11. **Delivery of Bonds**. The Bonds shall be executed as provided herein and in accordance with the provisions of the Indenture and shall be delivered to the Underwriter in accordance with the provisions of the Bond Purchase Agreement.

Section 12. **Designation of Bonds as Qualified Tax-Exempt Obligations.** The Board hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and represents that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code and as determined in accordance with Section 265(b)(3) of the Code, and that not more than $10,000,000 aggregate principal amount of obligations, the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Bonds will be issued by the Board or by any subordinate entity of the Board during the calendar year 2004, all as determined in accordance with the Code.

Section 13. **Effect**. This Resolution shall go into effect immediately upon adoption.