

PURPOSE:

The Bonds are being issued for the purpose of financing the construction, renovation and equipping of improvements to the University of Kentucky Hospital, including: (i) constructing and equipping a four-story addition to house replacement surgical facilities, clinical laboratories, emergency services and thirty (30) intensive care beds, (ii) renovating the central sterile and pharmacy services, (iii) improving the emergency power systems, fire alarms, heating, ventilation and air conditioning and water systems, and (iv) constructing a transport tower and an enclosed pedestrian walkway; all as is more specifically set forth in the Preliminary Official Statement being used in connection with the offering of the Bonds.

SECURITY:

The Bonds are secured by a pledge of the proceeds of the sale of the Bonds until expended for the authorized purpose, the Net Revenues (as defined in the Official Statement) and all funds established with the Trustee by and in accordance with the provisions of the Resolution, including the investments, if any, of any of such funds, and a paramount charge on all of said Net Revenues over and ahead of all claims or obligations of any nature against said Net Revenues arising or incurred after the issuance of the Bonds. The pledge shall be valid and binding from and after the date of the issuance, sale and delivery of the Bonds.

The Board has reserved the right to incur additional indebtedness (including additional series of bonds from time to time) on a parity with the Series A Bonds, which shall be only for the payment of the cost of Additional Facilities, with necessary appurtenances, which shall become a part of the Hospital Project, as defined in the Official Statement.

The Bonds are legal, valid and binding limited obligations of the Board payable solely from and secured by the pledge of Net Revenues, a Debt Service Reserve Fund and certain investment income. The Bonds shall be a valid claim of the respective owners thereof only against the moneys which are pledged for the payment thereof.

The Bonds shall not constitute an indebtedness of the Commonwealth of Kentucky within the meaning of any Kentucky constitutional provisions or statutory limitations, and shall not constitute a general obligation of the Board of Trustees or of the Commonwealth of Kentucky.

LEGAL OPINION; SPECIAL TAX CONSIDERATIONS:

The Bonds are offered for sale on the basis of the principal of said Bonds not being subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof, and to the interest thereon being exempt under existing laws from all present Federal and Kentucky income taxes, and subject to the unconditional, final, approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, Suite 300, 209 South Fifth Street, Louisville, Kentucky 40202.