

**RESOLUTION AUTHORIZING THE
FINANCING OF CERTAIN INSURANCE PREMIUMS**

WHEREAS, The University of the Virgin Islands (the "University") is currently insured by Cigna for liability and excess insurance coverage (Policy Nos. RC026993 and RC026994, respectively) with an outstanding insurance premium due of \$257,382 (the "Insurance Premium");

WHEREAS, Hurricane Marilyn caused extensive damage in the United States Virgin Islands and to the University, resulting in significant reconstruction costs to the Government of the Virgin Islands and the University and a temporary decline in the University's revenues and a cash shortfall; and

WHEREAS, AFCO Credit Corporation ("AFCO") has agreed to lend the University \$257,382 for the payment of such Insurance Premium for a term not to exceed 12 months from the date of closing of such loan at an interest rate of 5.669% per annum payable on the first day of each month commencing on November 1, 1996, all pursuant to the terms set forth in the Commercial Premium Finance Agreement dated as of October 1, 1996 by and between Theodore Tunick & Co., as Agent (the "Agent") and the University (the "Finance Agreement");

WHEREAS, the University intends to enter into a commercial premium finance agreement in substantially, similar form as the Finance Agreement, for the financing of the University's property and content insurance premium which insurance is currently provided by Lloyds of London (Policy and Prefix No. 2331 Binder (JJ03310)), in a principal amount not to exceed \$2,500,000 for a term not to exceed twelve months from the date of closing of such loan at an interest rate not less then 4% or greater than 6% per annum payable on the first day of each month (the "Property Insurance Finance Agreement");

WHEREAS, the Board of Trustees of the University has considered and approved the recommendation of the Administration of the University to enter into the Finance Agreement and the Property Insurance Finance Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY THAT:

1. The President and the Vice President for Business and Financial Affairs of the University are hereby authorized to borrow the sum of \$257,382 or such lesser amount, for the payment of the Insurance Premium, upon such terms and conditions as the

President and Vice President for Business and Financial Affairs, in the exercise of their discretion shall determine; and to execute and deliver any and all promissory notes, loan agreements, security agreements, financing statements, instruments and other documents and to do and cause to be done any and all acts and things necessary to appropriate to accomplish the foregoing;

2. The President and the Vice President for Business and Financial Affairs of the University are hereby authorized to borrow the sum of \$2,500,000 or such lesser amount, for the payment of the Property Insurance Premium, upon such terms and conditions as the President and Vice President for Business and Financial Affairs, in the exercise of their discretion shall determine; and to execute and deliver any and all promissory notes, loan agreements, security agreements, financing statements, instruments and other documents and to do and cause to be done any and all acts and things necessary to appropriate to accomplish the foregoing;

3. The execution of the Finance Agreement and the Property Insurance Finance Agreement and the pledge of the security therefor, will not constitute a default under any existing bond resolution or indenture to which the University is bound. It should be noted, however, that Paragraph III of the Granting Clause to the Indenture of Mortgage and Trust dated as of November 1, 1973 (the "1973 Indenture"), by and between the University and First National City Bank, as Trustee, provides for a first lien on and pledge of funds available to the University for general operation purposes from any other source, including appropriations from the legislatures of the Virgin Islands or the United States of America, to the extent required, together with other pledged revenues available to meet payments of the principal of and interest on the Consolidation and Construction Bond of 1973, Series A and Series B and to provide and maintain the accounts, funds and reserves required under the above-mentioned Indenture. Further, pursuant to the Indenture of Trust dated as of September 1, 1994, by and between the University and Marine Midland Bank, as Trustee, the University pledged and granted an additional lien on such available funds and other pledged revenues which is subject and subordinate to the first lien established under the 1973 Indenture.

4. The terms and conditions of the Finance Agreement and Property Insurance Finance Agreement and all actions taken by the President and Vice President for Business and Financial Affairs taken in connection therewith are hereby ratified and confirmed.

The undersigned does hereby certify that the foregoing is a true and exact copy of a resolution of the Board of Trustees of the University of the Virgin Islands adopted at its meeting on October 19, 1996, as recorded in the minutes of said meeting.

Orville Kean
Secretary of the Board