

**Summary of Resolution Amending the "Resolution
Authorizing the University of the Virgin Islands
General Obligation Improvement Bonds 2004 Series A"
Adopted on February 21, 2004**

- On February 21, 2004, the Board of Trustees authorized the issuance of the University of the Virgin Islands General Obligation Improvement Bonds, 2004 Series A (the "2004 Series A Bonds") in a maximum par amount not to exceed \$25,000,000, to be sized such that the Annual Debt Service payable on such 2004 Series A Bonds, together with all outstanding long term debt of the University, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205 (the "Original Resolution").

- The 2004 Series A Bonds were issued on August 3, 2004 and sized to optimize the amount of bond proceeds available to the University and to comply with the intent of the Board of Trustees to limit the Aggregate Debt Service Requirement to \$3,192,205, the current annual line item appropriation. Upon consultation with the Underwriter and Bond Counsel to the University, the Administration and Chairman of the Budget and Finance Committee, approved a commonly utilized financing structure which assumes that amounts reasonably expected to be on deposit in the Debt Service Reserve Fund be applied for the payment of the final maturity of the 2004 Series A Bonds.

- The proposed revision of Section 2(iv) clarifies that for purposes of calculating the Aggregate Debt Service Requirement for Fiscal Year 2034, the Aggregate Debt Service Requirement shall be reduced by the amount reasonably expected to be on deposit in the Debt Service Reserve Fund and amounts in such fund shall be applied towards the payment of debt service on the final maturity of 2004 Series A Bonds in accordance with terms of the Master Indenture.

AMENDMENT TO "RESOLUTION OF THE UNIVERSITY OF THE VIRGIN ISLANDS AUTHORIZING ISSUANCE OF UP TO \$25,000,000 GENERAL OBLIGATION IMPROVEMENT BONDS, 2004 SERIES A, OF THE UNIVERSITY OF THE VIRGIN ISLANDS"

Upon motion duly made and seconded, the following was adopted by the Board of Trustees of the University of the Virgin Islands:

WHEREAS, on February 21, 2004, the Board of Trustees adopted a resolution (a) authorizing the issuance by the University of the Virgin Islands (the "University") of its General Obligation Improvement Bonds, 2004 Series A (the "2004 Series A Bonds") in an aggregate par amount not to exceed \$25,000,000, pursuant to an Indenture of Trust, dated as of July 1, 1999 (the "Master Indenture"), as supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2004, each by and between the University and The Bank of New York Trust Company, N.A., to be sized in a principal amount such that the annual debt service payable on such 2004 Series A Bonds, together with the General Obligation Improvement and Refunding Bonds, 1999 Series A, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205 and (b) providing certain terms and conditions with respect to the 2004 Series A Bonds (collectively, the "Original Resolution", attached hereto as Exhibit A); and

WHEREAS, the 2004 Series A Bonds were issued on August 3, 2004 in the aggregate principal amount of \$21,150,000; and

WHEREAS, to comply the intent of the Board of Trustees to limit the Aggregate Debt Service Requirement to \$3,192,205 and to optimize the amount of bond proceeds available to the University, the Administration of the University and the Chairman of the Budget and Finance Committee, upon consultation with the Underwriter and Bond Counsel to the University, approved a financing structure which assumed the application of amounts reasonably expected to be on deposit in the Debt Service Reserve Fund in Fiscal Year 2034, towards payment of the final maturity of the 2004 Series A Bonds; and

WHEREAS, the Board of Trustees desires to amend Section 2 (iv) of the Original Resolution to clarify that for purposes of calculating the Aggregate Debt Service Reserve Requirement for Fiscal Year 2034, amounts reasonably expected to be on deposit in the Debt Service Reserve Fund may be applied towards satisfying the Aggregate Debt Service Reserve Requirement and such amounts shall be applied to pay debt service on the final maturity of the 2004 Series A Bonds in accordance with terms of the Master Indenture;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF THE VIRGIN ISLANDS AS FOLLOWS:

Section 1. Section 2 (iv) of the Original Resolution is amended to read as follows (additional language is double underscored):

(i) the maximum principal amount of 2004 Series A Bonds outstanding, together with all outstanding long-term debt of the University, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205; provided, however, that for purposes of this clause (iv), the Aggregate Debt Service Requirement for Fiscal Year 2034 shall be reduced by the amount reasonably expected to be on deposit in the Debt Service Reserve Fund and applied in such Fiscal Year to pay debt service on the 2004 Series A Bonds;

Section 2. Except as hereby expressly amended, the Original Resolution is in all respects ratified and confirmed, and all terms, provisions and conditions thereof shall be and remain in full force and effect, and this Amendment to Resolution and all of its terms, provisions and conditions shall be deemed to be part of the Original Resolution.

Section 3. This resolution shall supersede any inconsistent provision of any resolution previously adopted by the University and shall take effect immediately.

ADOPTED: October 16, 2004

EXHIBIT A

RESOLUTION OF THE UNIVERSITY OF THE VIRGIN ISLANDS AUTHORIZING ISSUANCE OF UP TO \$25,000,000 GENERAL OBLIGATION IMPROVEMENT BONDS, 2004 SERIES A, OF THE UNIVERSITY OF THE VIRGIN ISLANDS

Upon motion duly made and seconded, the following was adopted by the Board of Trustees of the University of the Virgin Islands:

WHEREAS, pursuant to a resolution of the Board of Trustees of the University of the Virgin Islands (the "University") adopted on July 12, 1999, as amended and restated on November 6, 1999, the University entered into an Indenture of Trust, by and between the University and United States Trust Company of New York, New York (now known as The Bank of New York of Florida), as trustee (the "Trustee") (the "Master Indenture") dated as of December 1, 1999; and

WHEREAS, it is necessary for the University to provide moneys to finance, in whole or in part, the costs of the construction, furnishing and equipping of certain capital projects of the University (collectively, the "2004 Additional Project"); and

WHEREAS, to finance all or a portion of the costs of the 2004 Additional Project, the University desires to (a) authorize the issuance of a Series of Additional Bonds, to be designated General Obligation Improvement Bonds, 2004 Series A (the "2004 Series A Bonds"), in an aggregate par amount not to exceed \$ 25,000,000, pursuant to the Master Indenture and a First Supplemental Indenture (defined below) (collectively, the "Indenture") to be sized in a principal amount such that the annual debt service payable on such 2004 Series A Bonds, together with the General Obligation Improvement and Refunding Bonds, 1999 Series A issued pursuant to the Master Indenture, and all other outstanding long term debt of the University, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205 and (b) provide certain terms and conditions with respect to the 2004 Series A Bonds;

WHEREAS, the Board of Trustees desires to authorize the execution and delivery of the First Supplemental Indenture of Trust, by and between the University and the Trustee (the "First Supplemental Indenture"), with respect to the issuance of the 2004 Series A Bonds for the financing of all or a portion of the 2004 Additional Project and the establishment of the final terms of the 2004 Series A Bonds by a Certificate of Determination; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF THE VIRGIN ISLANDS AS FOLLOWS:

Section 1. Pursuant to Chapter 33 of Title 17 of the Virgin Islands Code, as amended, the Board of Trustees hereby authorizes the President and the Vice President for Administration and Finance to proceed with the issuance of the 2004 Series A Bonds for the purpose of financing all or a portion of the 2004 Additional Project in accordance with and

subject to the terms, conditions and limitations established in this Resolution, commencing on the date hereof, in an aggregate par amount not to exceed \$25,000,000, subject to an annual Aggregate Debt Service Requirement such that the maximum principal amount the Bonds outstanding, together with all outstanding long-term debt of the University, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205;

In computing the total amount of Bonds which may be at any time outstanding under the Master Indenture, the amount of the outstanding Bonds to be renewed or refunded from the proceeds of the sale of the new Bonds or by exchange for new Bonds shall be excluded.

The 2004 Series A Bonds shall be direct and general obligations of the University payable from fees, charges or other revenues of the University. The University is a public undertaking authorized by an act of the Legislature of the United States Virgin Islands (the "Act").

Section 2. To accomplish the purposes of the Act and to provide for the financing of the 2004 Additional Project, the Board of Trustees hereby authorizes and directs the Finance Committee of the Board of Trustees (the "Finance Committee") and the President, subject to the provisions of this Resolution and the Master Indenture, to execute the First Supplemental Indenture in connection with the issuance of the 2004 Series A Bonds and to determine the final terms and conditions of such Bonds by Certificate of Determination.

Section 3. The 2004 Series A Bonds shall be issued in fully-registered form, be payable as to principal and redemption premium, if any, at the corporate trust office of the Trustee, be payable as to interest by draft, check or wire transfer, be sold to such purchaser(s) at such purchase price, bear interest from the date thereof at the rates of interest specified therein, may include capitalized interest, provide for funding of the Debt Service Reserve Fund, be dated, shall mature, have such additional security therefore, provide for financial tests, if any, for the issuance of such Additional Bonds, all as particularly set forth in the Indenture and the Certificate of Determination; provided, however that:

- (i) the aggregate par amount of the 2004 Series A Bonds which may be issued shall not exceed \$25,000,000;
- (ii) the term of the 2004 Series A Bonds shall not exceed 30 years from the date of issuance;
- (iii) the 2004 Series A Bonds shall bear interest at a true interest cost not to exceed 7% per annum;
- (iv) the maximum principal amount of 2004 Series A Bonds outstanding, together with all outstanding long-term debt of the University, shall not result in the annual Aggregate Debt Service Requirement payable by the University to exceed \$3,192,205;
- (v) the 2004 Series A Bonds shall be sold at an aggregate price not less than 95% or greater than 110% of the par value thereof; and

(vi) the 2004 Series A Bonds shall be issued as Additional Bonds pursuant to the Master Indenture and be secured by a pledge of the funds and accounts held under the Indenture and by a pledge of the general obligation of the University and such other security (including, but not limited to, a pledge of amounts received by the University from appropriations of the Government of the Virgin Islands for payment of the University's debt service and other revenues of the University and, to the extent necessary, one or more mortgage liens on certain real property of the University). The 2004 Series A Bonds shall be issued on a parity with the 1999 Series A Bonds.

The Trustee shall hold the Debt Service Reserve Fund and other funds and accounts as set forth in the Master Indenture. The provisions for signatures, authentication, payment, delivery, redemption and number of the 2004 Series A Bonds shall be as set forth in the Master Indenture and the First Supplemental Indenture, which shall incorporate by reference, the Certificate of Determination.

Section 4. The University hereby authorizes the President and the Vice President for Administration and Finance to negotiate: (i) credit enhancement from a bank, bond insurer or other credit enhancement provider ("Credit Enhancement") and (ii) one or more mortgage liens and security interests in certain real property owned by the University (the "2004 Series A Mortgages") the final terms of such Credit Enhancement and 2004 Series A Mortgages, respectively, will be set forth in the Certificate of Determination.

Section 5. The execution and delivery of each of the following documents is hereby authorized: the 2004 Series A Bonds, the First Supplemental Indenture and any other additional agreements among the University and the Trustee related thereto, a Bond Purchase Agreement between the University and Citigroup Global Markets Inc., the underwriter (the "Underwriter") (the "Bond Purchase Agreement"); a Representation Letter of the University and the Trustee addressed to The Depository Trust Company (the "Representation Letter"), a Continuing Disclosure Agreement between the University and the Trustee (the "Continuing Disclosure Agreement"), a Preliminary Official Statement, an Official Statement, the 2004 Series A Mortgages and the Credit Enhancement, each being substantially in the form presented to the Board of Trustees, or as otherwise approved by the Finance Committee and the President of the University. The 2004 Series A Bonds, the Indenture, the First Supplemental Indenture, the Bond Purchase Agreement, the Representation Letter, the Continuing Disclosure Agreement, the Preliminary Official Statement, the Official Statement, the 2004 Series A Mortgages, the Credit Enhancement and any other agreements delivered pursuant to this Resolution or otherwise referred to herein as the "Financing Documents". The President or the Vice President for Administration and Finance (the "Authorized Signatories") of the University are hereby authorized to execute, acknowledge, finalize and deliver the Financing Documents and the Authorized Signatories are hereby authorized to affix the seal of the University on each Financing Document, as applicable, and attest the same. The execution and delivery of each Financing Document by said Authorized Signatories shall be conclusive evidence of due authorization and approval.

Section 6. All covenants, stipulations, obligations and agreements of the University contained in this Resolution and contained in the Financing Documents shall be

deemed to be the covenants, stipulations, obligations and agreements of the University to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the University and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the University or the members thereof by the provisions of this Resolution or the Financing Documents shall be exercised or performed by the University or by such trustees, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Financing Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any trustee, officer, agent or employee of the University nor shall any officer executing the Bonds be liable personally on the 2004 Series A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 7. The Authorized Signatories are hereby designated authorized representatives of the University and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and agreements and to do and cause to be done any and all proper acts and things necessary or desirable for carrying out this Resolution, the Financing Documents and the issuance of the 2004 Series A Bonds.

Section 8. For purposes of the Act, the provisions of the Financing Documents shall be deemed to set forth, for purposes of the Act, the uses of the proceeds of the 2004 Series A Bonds as set forth in the Indenture.

Section 9. This Resolution shall supersede any inconsistent provision of any resolution previously adopted by the University and shall take effect immediately.

ADOPTED: February 21, 2004