RULE: Proceeds of UCONN 2000 financings limited to particular projects as authorized. The proceeds of UCONN 2000 financings cannot be spent in excess of the aggregate amount authorized for such UConn 2000 Project by the Board of Trustees.

Generally, the UConn Board of Trustees and the Office of the Governor authorize the amounts of UCONN 2000 debt proceeds to be spent on each project by the Indenture as amended by the supplemental indentures. Also, the EVP for Administration & CFO has authority to decrease or increase up to 5% of the General Obligation DSC Debt proceeds between projects (technically an amendment) and reports it back to the Board of Trustees on the next BOT meeting date.

LEGAL AND INDENTURE CITATIONS

1.) THE LAW LIMITS HOW UCONN 2000 FINANCING PROCEEDS CAN BE SPENT TO UCONN 2000 PROJECTS AS FURTHER REFINED IN THE INDENTURES AND OTHER FINANCING DOCUMENTS.

One reference is:

Pursuant to Conn. Gen. Stat. Sec. 10a-109g. Terms of financing transactions subsection (g) The proceeds of the securities of any issue shall be used solely for the purpose or purposes identified in the master indenture, and shall be disbursed in such manner and under such restrictions, if any, as the university may provide in the resolution authorizing the issuance of such securities or in the indenture or resolution securing the same.

2.) THE INDENTURES AND OTHER FINANCING DOCUMENTS LIMIT HOW UCONN 2000 FINANCING PROCEEDS CAN BE SPENT.

Further the General Obligation Master Indentures of Trust, as amended by the supplemental Indentures, restrict which projects the bond proceeds can be used for as follows: (Please note that the Special Obligation Bonds and Tax-exempt Lease Financing for the CO-Gen plant have similar restrictions).

For example:

From the TWELFTH SUPPLEMENTAL INDENTURE AUTHORIZING THE UNIVERSITY OF CONNECTICUT GENERAL OBLIGATION BONDS 2006 Series A Bonds (Secured by the State Debt Service Commitment)
ARTICLE II

Authorization, Terms and Issuance of Bonds

(1)
201. Authorization of Fiscal Year 2005-2006 Bonds, Maximum Amount, 200-- Series Bonds, Delegation, Designation and Pledge. Bonds for Fiscal Year 2005-2006, ending June 30, 2006 entitled to the benefit, protection and security of the Act and Indenture, and constituting Bonds to be secured by the State Debt Service Commitment are hereby authorized to be issued under the Indenture and pursuant to the Act in a maximum amount not to exceed $79,000,000 (being the maximum bond authorization for 2004-2005 pursuant to the Act), for the UConn Projects as set forth in Appendix A (attached hereto and hereby made a part hereof) and constituting UConn 2000 Projects (provided nothing herein shall preclude the amendment of Appendix A pursuant to the Act and in accordance with the Indenture and as provided by Appendix A), plus the amount of the Costs of Issuance to be funded from the proceeds of such Bonds.

202. Purposes. The 200 Series Bonds will be issued and used to provide funds for deposit in the following accounts of Bond Proceeds Fund: (i) construction account, which, pursuant to Section 602 of the Indenture unless otherwise provided by a Supplemental Resolution, shall be held and maintained by the Trustee, for construction and equipping of certain facilities, (or reimbursement to the University for funds expended therefor) that are included and that have been authorized as a UConn 2000 Project by the Board of Trustees and (ii) cost of issuance account, which, pursuant to Section 602 of the Indenture unless otherwise provided by a Supplemental Resolution, shall be held and maintained by the Treasurer, to pay or provide for the 200-- Series Bonds costs of issuance. The Treasurer and University shall cause the proceeds from the sale of the 200-- Series Bonds to be so deposited in the Bond Proceeds Fund. Monies in the construction account respecting the proceeds of the Bonds heretofore issued may be disbursed from time to time pursuant to Section 603 of the Master Indenture, particularly paragraph (5) thereof, for any such UConn 2000 Project but not in excess of the aggregate amount authorized for such UConn 2000 Project by the Board of Trustees.

3.) THE BOT DELEGATED THAT THE EVP for Administration & CFO MAY MAKE A 5% INCREASE OR DECREASE IN EXPENDITURES, PROVIDING THE FOLLOWING RESTRICTIONS ARE MET

The EVP for Administration & CFO 5% Reallocation Restrictions (REQUIRES CO-SIGNATURE OF BOND/TAX COUNSEL):

(1) Shall not result in more than a 5% increase or decrease in the amount authorized by the Board of Trustees to be expended on a particular project as set forth in Master Indenture as supplemented by the supplemental indentures approving such expenditures;

(2) Shall not result in the expenditure of proceeds in excess of the total aggregate amount approved by the Board of Trustees for all projects as set forth in the Master Indenture as supplemented approving such total expenditures;

(3) Shall not result in any adverse tax consequences to the University.
(4) The UConn 2000 projects affected by the reallocation can still be completed within the reallocated amounts, together with any other amounts allocated by the Board of Trustees in subsequent supplemental indentures.

(5) Shall be reported to the Board of Trustees at its next scheduled meeting.