

Minutes of Meeting of the Executive Committee of the University of Kentucky, November 29, 1932.

The Executive Committee of the Board of Trustees of the University of Kentucky met in President McVey's office at the University of Kentucky, November 29, 1932, at 10:30 a. m. The members of the Committee present were Judge R. C. Stoll, James Park, E. B. Webb, and Joe B. Andrews. President Frank L. McVey and Secretary D. H. Peak were also present.

1. Minutes Approved.

The minutes of the meeting of the Executive Committee of October 27, 1932, were approved.

2. Financial Report.

The financial report for October was received and ordered to be recorded in the Minutes. It reads as follows:

Statement of Income and Expenditures
Month of October 1932

	<u>Previously Reported</u>	<u>Current Month</u>	<u>Fiscal Year To Date</u>
General Fund Income			
Federal Appropriation	42,750.00		42,750.00
Vocational Ed. Board	2,746.07	3,825.09	6,571.16
Bureau of Min. & Top. Survey - Misc. Receipts	373.05	132.40	505.45
Bureau of Min. & Top. Survey - State Appro.	1,515.00		1,515.00
State Tax	50,623.31	52,740.94	103,364.25
Int. on Endowment Bonds	4,322.25		4,322.25
Student Fees	86,010.08	4,534.49	90,544.57
Student Fees - Sum. Sch.	14,259.79	89.00	14,348.79
Student Fees - U. H. S.	3,574.00	202.50	3,776.50
Student Fees - El. Tr. Sch.	3,190.00	835.00	4,025.00
Student Fees - Un. Ext.	3,496.28	5,610.17	9,106.45
Misc. Receipts	6,372.83	2,822.11	9,194.94
Rentals	625.70	178.00	803.70
Int. on Liberty Loan Bonds		850.00	850.00
Men's Dormitories	5,739.45	222.19	5,961.64
Total	<u>225,597.81</u>	<u>72,041.89</u>	<u>297,639.70</u>

Expenditures			
Instruction	164,738.08	68,449.23	233,187.31
Adm. Expense & Maint.	61,441.08	16,624.26	78,065.34
Additions and Betterments	1,215.03	630.80	1,845.83
Total	<u>227,394.19</u>	<u>85,704.29</u>	<u>313,098.48</u>
Excess of Expenditures over Income	<u>(1,796.38)</u>	<u>(13,662.40)</u>	<u>(15,458.78)</u>
Patterson Hall Income			
Board	10,142.25	416.15	10,558.40
Room Rent - Summer Sch.	1,261.50		1,261.50
Total	<u>11,403.75</u>	<u>416.15</u>	<u>11,819.90</u>
Expenditures			
Expense	4,007.42	2,859.21	6,866.63
Additions and Betterments	1,816.50		1,816.50
Total	<u>5,823.92</u>	<u>2,859.21</u>	<u>8,683.13</u>
Excess of Income over Expenditures	<u>5,579.83</u>	<u>(2,443.06)</u>	<u>3,136.77</u>
General Fund Income	237,001.56	72,458.04	309,459.60
General Fund Expenditures	<u>233,218.11</u>	<u>88,563.50</u>	<u>321,781.61</u>
Excess of General Fund Ex- penditures over Income	3,783.45	(16,105.46)	(12,322.01)
Accounts Payable liqui- dated	(1,520.07)	(2,115.52)	(3,635.59)
Excess of Receipts over Ex- penditures for General Ledger Accounts	<u>3,021.84</u>	<u>79,494.97</u>	<u>82,516.81</u>
Excess of Receipts over Ex- penditures for the fiscal year to date - General Fund	<u>5,285.22</u>	<u>61,273.99</u>	<u>66,559.21</u>
Excess of Receipts over Ex- penditures for the fiscal year to date - General Fund			66,559.21
Cash in Bank July 1, 1932 - General Fund			(12,274.36)
Cash in Bank October 31, 1932 - General Fund			<u>54,284.85</u>
Experiment Station Income			
Hatch - Federal Appro.	3,750.00	3,750.00	7,500.00
Milk and Butter - Cash Receipts	2,307.10	763.63	3,070.73
Dairy Cattle Sales	88.95	59.65	148.60
Sheep Sales	176.86		176.86
Swine Sales		93.41	93.41
Poultry Sales	374.22	336.29	710.51

Farm Produce Sales	193.67	85.84	279.51
Horticultural Sales	147.57	76.70	224.27
Seed Test	9.00	41.50	50.50
Seed Inspection	4,075.36	1,099.00	5,174.36
Rentals	431.01	144.67	575.68
Miscellaneous	44.30	399.36	443.66
Fertilizer-Fees	1,615.00	613.75	2,228.75
Public Service - State			
Appropriation	3,291.83		3,291.83
Feeding Stuffs - Fees	6,742.10	2,631.90	9,374.00
Adams - Fed. Appro.	3,750.00	3,750.00	7,500.00
Serum - Sales	429.75	159.90	589.65
Serum - Virus Sales	21.60	6.75	28.35
Serum - Supply Sales	11.80	24.90	36.70
Serum - Miscellaneous Rec.	60.00		60.00
State Appropriation	6,862.74		6,862.74
Creamery - License Fees	4,323.50	49.50	4,373.00
Creamery - Testers Lic.	1,116.00	50.00	1,166.00
Creamery - Glassware			
Tested	105.20	26.78	131.98
Robinson - State Appro.	1,043.56		1,043.56
Robinson - Misc. Rec.	2,301.00	499.46	2,800.46
West Ky. - State Appro.	1,253.66		1,253.66
West Ky. - Misc. Rec.	1,953.03	232.66	2,185.69
Purnell - Federal Appro.	15,000.00	15,000.00	30,000.00
Nursery Inspection -			
Fees	480.00	360.00	840.00
Poultry Improvement	300.00	(300.00)	
Blood Test	291.00	120.25	411.25
Dark, Fired Tobacco Grow-			
er's Assn.	4,566.19	(4,566.19)	
Stemming District Tobac-			
co Growers Assn.	3,102.16	(3,102.16)	
Total	<u>70,218.16</u>	<u>22,407.55</u>	<u>92,625.71</u>
Expenditures			
Expense	76,825.04	13,715.24	90,540.28
Additions and Better.	200.00	617.96	817.96
Total	<u>77,025.04</u>	<u>14,333.20</u>	<u>91,358.24</u>
Excess of Income over			
Expenditures	(6,806.88)	8,074.35	1,267.47
Excess of Receipts over			
Expenditures for Gen-			
eral Ledger accounts	<u>2,208.75</u>	<u>4,358.66</u>	<u>6,567.41</u>
Excess of Receipts over			
Expenditures	<u>(4,598.13)</u>	<u>12,433.01</u>	<u>7,834.88</u>
Excess of Receipts over			
Expenditures for the			
fiscal year to date -			
Experiment Station			7,834.88
Cash in Bank July 1, 1932 -			
Experiment Station			<u>(5,383.43)</u>

Cash in Bank October 31,
1932 - Experiment Sta-
tion

2,451.45

Extension Division Income

Federal Smith-Lever	74,154.38		74,154.38
Federal Add. Co-op.	15,500.00		15,500.00
Federal Supplementary	26,545.52		26,545.52
Federal Capper-Ketcham	18,400.49		18,400.49
State Smith-Lever	22,523.21		22,523.21
State Capper-Ketcham	302.83		302.83
County and Other	675.46	119.06	794.52
Total	<u>158,101.89</u>	<u>119.06</u>	<u>158,220.95</u>

Expenditures

Expense	<u>89,375.14</u>	<u>31,293.03</u>	<u>120,668.17</u>
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Excess of Income over Expenditures	<u>68,726.75</u>	<u>(31,173.97)</u>	<u>37,552.78</u>
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Excess of Income over Expenditures for the fiscal year to date - Extension Division			37,552.78
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Cash in Bank July 1, 1932 - Extension Division			<u>7,737.68</u>
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Cash in Bank October 31, 1932 - Extension Div.			<u>45,290.46</u>
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Trust Fund Income

Student Loan Fund	197.02	16.83	213.85
Student Notes Paid	483.40	65.57	548.97
Total Receipts	<u>680.42</u>	<u>82.40</u>	<u>762.82</u>

Expenditures

Expense	121.69	41.00	162.69
Student Notes	635.75	205.00	840.75
Total	<u>757.44</u>	<u>246.00</u>	<u>1,003.44</u>

Excess of Expenditures over Receipts	<u>(77.02)</u>	<u>(163.60)</u>	<u>(240.62)</u>
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Excess of Expenditures over Receipts for the fiscal year to date - Trust Fund			(240.62)
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Cash in Bank July 1, 1932 - Trust Fund			<u>1,308.58</u>
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Cash in Bank October 31, 1932 - Trust Fund			<u>1,067.96</u>
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Summary

General Fund Income	237,001.56	72,458.04	309,459.60
Experiment Station Inc.	70,218.16	22,407.55	92,625.71
Extension Div. Income	158,101.89	119.06	158,220.95
Trust Fund Income	197.02	16.83	213.85
Total	<u>465,518.63</u>	<u>95,001.48</u>	<u>560,520.11</u>
General Fund Expenditures	233,218.11	88,563.50	321,781.61
Experiment Station Exp.	77,025.04	14,333.20	91,358.24
Extension Division Exp.	89,375.14	31,293.03	120,668.17
Trust Fund Expenditures	121.69	41.00	162.69
Total	<u>399,739.98</u>	<u>134,230.73</u>	<u>533,970.71</u>
Excess of Income over Expenditures	65,778.65	(39,229.25)	26,549.40
Accounts Payable liquidated	(1,520.07)	(2,115.52)	(3,635.59)
Excess of Receipts over Expenditures for General Ledger Accounts	5,230.59	83,853.63	89,084.22
Student Loan Fund - Notes	(152.35)	(139.43)	(291.78)
Excess of Receipts over Expenditures for the fiscal year to date - Combined Fund	<u>69,336.82</u>	<u>42,369.43</u>	<u>111,706.25</u>
Excess of Receipts over Expenditures for the Fiscal Year to date - Combined Fund			111,706.25
Cash in Bank and on hand July 1, 1932 - Combined Fund			<u>(6,611.53)</u>
Cash in Bank and on hand October 31, 1932 - Combined Fund			<u>105,094.72</u>

Abstract of item shown on statement of Income and Expenditures as "Excess of Receipts over Expenditures for General Ledger accounts \$87,387.51"

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable		17,371.35
Ins. Paid in Advance	106.82	
Sundry accounts		14,535.98
Notes Payable		60,000.00
Surplus	<u>4,413.00</u>	
	4,519.82	<u>91,907.33</u>
		<u>4,519.82</u>
		<u>87,387.51</u>

The following distribution of State tax transfers was filed by the Business Agent and ordered to be recorded in the Minutes:

Distribution of State Tax Transfers
1930-1931

	Inheritance Tax	Mill Tax
July 1930	56,509.62	8,215.81
	38,146.65	1,686.31
	45,613.97	230,236.05
	80,653.96	24,299.83
	27,848.45	43,548.55
	28,502.32	35,451.70
	38,685.27	223,911.09
	77,899.76	9,569.93
	31,206.72	8,725.77
	15,587.85	10,434.19
	65,765.09	2,458.31
June 1931	<u>28,190.57</u>	<u>4,333.62</u>
Total	534,610.23	602,871.16

1931-1932

July 1931	35,449.44	5,365.42
	46,067.78	9,210.82
	23,657.62	193,894.14
	15,909.14	21,107.89
	10,820.03	26,834.09
	100,495.00	57,476.34
	11,455.60	204,025.11
	6,637.26	7,753.43
	2,217.01	12,815.50
	60,522.25	11,699.15
	11,935.45	2,768.63
	<u>11,898.40</u>	<u>4,489.17</u>
Total	337,064.98	557,439.69

1932-1933

July 1932	19,023.24	3,949.53
August	15,648.16	12,002.38
September	11,717.77	41,023.17
October	<u>55,616.99</u>	<u>23,662.08</u>
Total	102,006.16	80,637.16

3. Bureau of Mineral and Topographic Survey Statements Approved.

The Business Agent presented a statement of salaries for the month of November of Employees in the Bureau of Mineral and Topographic Survey,

Which statement is in words and figures as follows:

David Young	$\frac{1}{2}$ month	\$ 85.00
Louise Barton,	45 hours @ .50	22.50
		<hr/>
		\$ 107.50

The statement was approved by the Executive Committee and ordered to be submitted to the Auditor of Public Accounts for payment.

4. Trust Funds.

It is the opinion of the Executive Committee that the collections named in the statement that follows are trust funds and do not come within the meaning and scope of the clause in the appropriation bills passed by last session of State Legislature requiring transfer of funds to State Treasurer. The terms under which trust funds are given and accepted will not permit of such transfer.

Statement presented by the Business Agent:

1. Interest on Peabody investment in Liberty Bonds.
2. Interest on bank deposits -- considered a trust fund with which to pay interest on loans.
3. Collections on sales of Extension Division circulars, a very small amount -- considered as trust fund because the circulars have been paid for with federal funds.

5. Note Due First National Bank and Trust Company.

President McVey and the Business Agent were directed to renew the note due the First National Bank and Trust Company, November 29, 1932, for a period of ninety days and they were further directed to pay the note at any time before maturity when funds from State tax transfers become available. This was done in order to save interest.

6. Authorized to Borrow Money.

On motion duly seconded the following order was passed:

The President and Business Agent are authorized to borrow during the fiscal year 1932-1933 for the purpose of paying salaries, bills approved and due and current operating expenses, a sum not to exceed \$100,000.00.

The amount borrowed may be in whole or in part of said amount as needs may arise, provided the amount borrowed may never be in excess of the contemplated income for the remainder of the fiscal year.

7. Check from the Waddy Estate.

The Business Agent presented a check to the University of Kentucky from the Master Commissioner of the Fayette Circuit Court, made in the distribution of the Robert B. Waddy Estate. Master Commissioner, Colbert, stated that the check represents about one-fourth of the amount that will eventually be available in the settlement of said estate on account of a bequest in the will of Robert B. Waddy made to the University of Kentucky to create a scholarship to be known as the Anne Elizabeth Waddy Alpha Xi Delta Sorority Scholarship.

The Business Agent was directed to deposit the check and all future payments made on said bequest to the account of the University Treasurer in the First National Bank and Trust Company, and to hold the deposit subject to further orders of the Executive Committee, or Board of Trustees.

8. Lot South of Service Building.

The Business Agent was directed to examine the deed to this lot and report to the Executive Committee.

9. Sale of State Warrants.

The following report of the Business Agent of sale of State Warrants was approved and ordered inserted in the Minutes:

State Warrants Sold Since Last Meeting
By J. J. B. Hilliard and Sons, Louisville, Kentucky

Date	No	Face	Sale Price	Int.	Total	Dept.
9/30/32	F3244	\$3,513.84 @ 89 less $\frac{1}{4}$	3,118.54	25.85	3,144.39	Exp. Sta. M 50
9/30/32	F3242	1,580.49 @ 89 "	1,402.69	11.63	1,414.32	Rob.
9/30/32	F3243	1,208.66 @ 89 "	1,072.80	8.89	1,081.69	W. Ky.
10/25/32	F3976	1,218.88 @ 89 $\frac{1}{2}$ "	1,087.85	4.74	1,092.59	Rob.
10/25/32	F3977	853.54 @ 89 $\frac{1}{2}$ "	761.79	3.31	765.10	W. Ky.
10/31/32	F4208	4,000.00 @ 89 $\frac{1}{2}$ "	3,570.00	12.22	3,582.22	Exten.
10/31/32	F4209	4,000.00 @ 89 $\frac{1}{2}$ "	3,570.00	12.22	3,582.22	Exten.
10/31/32	F4210	4,007.75 @ 89 $\frac{1}{4}$ "	3,566.90	15.03	3,581.93	Exten.
9/30/32	F3199	1,833.33 @ 89 $\frac{1}{4}$ "	1,631.66	15.28	1,646.94	Pub. Ser.
		<u>22,216.49</u>	<u>19,782.23</u>	<u>109.17</u>	<u>19,891.40</u>	

By Security Trust Company

9/30/32	F3200	11,467.75 @ 89	10,206.30	84.39	10,290.69	Exten.
9/30/32	F3249	2,842.49 @ 89	2,529.81	20.91	2,550.72	Exp. Sta. 50 M
10/31/32	F4206	3,679.57 @ 89	3,274.82	11.24	3,286.06	Exp. Sta. 50 M
10/31/32	F4207	1,833.33 @ 89	1,631.66	5.60	1,637.26	Pub. Ser.
		<u>19,823.14</u>	<u>17,642.59</u>	<u>122.14</u>	<u>17,764.73</u>	

10. State Warrants On Hand.

The Business Agent reported following State Warrants on hand:

<u>College</u>	<u>Experiment Station</u>
\$776.39	\$1023.99
307.60	1474.22
3612.23	
3919.57	

11. Filing Contracts and Purchase Orders with State Auditor.

The Business Agent reported that he had received a copy of an opinion by the Attorney General that relates to the request by the Auditor of Public Accounts to file in his office for approval contracts and purchase orders.

The opinion is as follows:

October 20, 1932

Mr. N. A. Chrisman, Chairman
State Purchasing Commission
Frankfort, Kentucky

Dear Sir:

We have yours of the 5th enclosing a copy of a letter of notification sent out by Honorable J. Dan Talbott, Auditor of Public Accounts, which seems to involve a construction of a number of sections of the statute. You ask for such construction.

Section 1992a-23, Kentucky Statutes, 1930 Edition, provides:

"All contracts, except as herein provided, entered into by any department, board, commission, institution, office or agency of the Commonwealth of Kentucky for the expenditure of funds appropriated from the state treasury, shall contain a provision that the contract shall be deemed an obligation of the Commonwealth to pay the sums submitted therein, until the contract has been submitted to the Auditor of public accounts, so that the auditor of public accounts can determine from his budget ledger whether the budget fund out of which the sums are to be expended under the contract are within the budget fund out of which they are payable. If the auditor of public accounts, from an examination of his budget ledger, finds that the sum to be expended under the contract is within the budget fund out of which it is payable, he shall then enter the date of the contract, the name of the contractor, and the amount to be expended under the contract on his ledger. The amount of said contract to be a charge against the budget fund out of which same is to be paid; and the auditor shall thereupon attach his certificate to said contract showing that same has been entered and charged on his ledger against the budget fund from which the sum to be expended under the contract is payable.

"All contracts, except as herein provided, based on an estimated cost, and containing a provision that the unit fixed in the contract shall control the cost of the work to be done under the contract, shall contain this provision: Provided, however, this contract shall not be construed to be an obligation of the Commonwealth to expend any sum in excess of the estimated cost stated in the contract; and such contracts shall contain this further provision: The contractor grants to the first party the option and right, in the event there is an overrun and the estimated cost is consumed by computing costs on the basis of the unit cost, to require the contractor to enter into a new contract with the first party for the completion of all work remaining unfinished after the estimated cost has been consumed, at the same unit cost, and under the same terms and conditions contained in the original contract. If the first party elects to exercise its option under this provision, it shall give the contractor written notice of its election, and the contractor thereupon shall be bound and required to enter into a new contract for the completion of the work under the terms and conditions contained in the original contract.

"Contracts entered into under the provisions of this paragraph shall be submitted to the auditor of public accounts and shall be charged to the budget fund from which the contract price is payable and shall be executed under the provisions of this section.

"No contract, except as hereinafter provided, shall be deemed a valid obligation of the Commonwealth until the certificate of the auditor of public accounts has been attached thereto as required by the provisions of this section. The auditor of public accounts shall carry a daily balance of budget funds on his budget ledger in pencil, so that the budget ledger shall at all times show the balance in each separate budget fund."

It will be noticed that this section of the statute requires all contracts, except as herein provided, that is in the act of 1926, chapter 170, entered into by any department, board, commission, institution, office or agency of the Commonwealth of Kentucky for the expenditure of funds appropriated from the State Treasury shall contain a provision that the contract shall not be deemed an obligation of the Commonwealth to pay the sum stipulated until the contract has been submitted to the Auditor of Public Accounts. The purpose of submitting the contract to the Auditor is to have the auditor determine from his budget ledger whether such sums mentioned in the contract are within the budget fund out of which they are payable. If the Auditor finds that such sum or sums to be expended under the contract are within the budget fund out of which payable, it is then his duty to enter the date of the contract, the name of the contractor, and the amount to be expended under the contract on his ledger. It then requires that he shall enter a certification upon the contract showing these facts.

The last paragraph of this section provides that no contract shall be deemed a valid obligation of the Commonwealth until the certificate of the Auditor of Public Accounts has been attached thereto as required by the provisions of the section. From this we take it that a contract to be binding upon the Commonwealth must first have this certificate, and of course, the contract would necessarily have to be submitted to the Auditor in order to obtain this certificate.

The act of 1926, chapter 170, section 33 $\frac{1}{2}$, which is section 1992a-33a, Kentucky statutes, 1930 edition, excludes the University of Kentucky, and the State Normal Schools and Teachers Colleges from the provisions of sections 1992a-21, 1992a-23, 1992a-24, 1992a-27 and 1992a-31 of Kentucky Statutes, 1930 edition; and in our opinion such sections do not apply to the University of Kentucky and the State Normal Schools and Teachers Colleges.

At the same session of the legislature of 1926, was enacted a law establishing a central purchasing agency for the Commonwealth of Kentucky which is known as the State Purchasing Commission. This Commission was created by the appointment of a Chairman by the Governor, the Commissioner of Public Institutions, and one of the members of the State Highway Commission.

Section 3990-4, Kentucky Statutes (which is section 4 of the Sets of 1926) provides that the Commission shall contract for, purchase and acquire all furnishing, furniture and supplies of every kind or description for the use of the State or its officers or any department thereof, or for the support of the several state institutions, including all penal, charitable and education institutions, except as provided in section 3990-16 of the act, and supplies including supplies for printing, stationery, fuel, tools, implements, machinery, material for the construction of roads, buildings, and for other purposes, food, clothing, medical supplies and books, other than books selected by the State Textbook Commission, or for the use of the libraries of the State.

Section 3990-16, Kentucky Statutes, 1930 edition, contains the exceptions provided for and referred to in section 3990-4.

Section 3990-15, Kentucky Statutes, 1930 edition, refers to the letting of contracts for materials, equipment and supplies and the manner of advertising for same; and provides, among other things, that no contract shall be entered into by the Commission for and on behalf of the department, board or commission of the State unless an appropriation is available to pay for the cost thereof except for food products for the penal and charitable institutions in cases of emergency; all prospective and purposed contracts for materials, supplies or equipment in excess of \$300.00 shall be approved by the State Auditor with reference to the availability of funds for which to pay for costs of the same. This section is contained in the Acts of 1928, chapter 161, and is an amendment to the Act of 1926.

Therefore, it seems to us that the law is at present that when contracts for materials, supplies or equipment for any of the departments are for \$300.00 or less, they do not necessarily have to be approved by the Auditor as is required under the sections pertaining to the Budget Commission. The budget act was passed in 1926, but amended in 1928 and is a later law upon the subject and seems to treat the same subject. The two provisions, that is the one contained in the Budget Act, which apparently requires all contracts to be submitted to the Auditor, and the one contained in section 3990-15, Acts of 1928, are inconsistent, and the later act would prevail.

It then follows that purchases or contracts made by your Commission for materials, supplies or equipment for the various department in sums of \$300.00 or less are not required to be submitted to the Auditor.

(Signed) Overton S. Hogan,
Assistant Attorney General

The Business Agent was authorized to send the following notice to the Auditor of Public Accounts:

December 5, 1932

Hon. J. Dan Talbott
Auditor of Public Accounts
Frankfort, Kentucky

Dear Mr. Talbott:

Please refer to your letters of July 12th and September 23rd in which you say that statement of purchases must be presented to and approved by the Auditor before bills thereon can be paid out of appropriations and cash funds. I presume that the authority for such request is taken from Section 1992-a-23, Kentucky Statutes, 1930 edition. I have before me an opinion from the Attorney General's office given to the Chairman of the State Purchasing Commission October 20, 1932. One section of that opinion is in words and figures as follows:

"The act of 1926, chapter 170, section 33 $\frac{1}{2}$, which is section 1922a-33a, Kentucky statutes, 1930 edition, excludes the University of Kentucky, and the State Normal Schools and Teachers Colleges from the provisions of sections 1992a-21, 1992a-23, 1992a-24, 1992a-37 and 1992a-31 of Kentucky Statutes, 1930 edition; and in our opinion such sections do not apply to the University of Kentucky and the State Normal Schools and Teachers Colleges."

From this it seems that the University of Kentucky is not bound by Section 1992a-23, Kentucky Statutes 1930.

However, Mr. Pepples and myself have worked out a very satisfactory plan relative to report of purchases and I shall be glad to continue the reports of purchases made provided it helps you in keeping your budget records.

I appreciate very much the very kind consideration that you and your office force have given me.

Very truly yours,

D. H. Peak
Business Agent

12. Walter K. Patterson Bequest.

A letter from C. N. Manning, President of the Security Trust Company, was presented in which he suggests a plan of settlement of the indebtedness of the University to the estate of Walter K. Patterson and the transfer to the University of the bequest to the Student Loan Fund. It was directed that a conference be had with the Student Loan Fund Committee and arrangements be made to carry out the provisions of the Patterson will.

13. Campus Book Store Report.

The President presented the following reports of the Campus Book Store:

Report for 1932 to Book Store Committee

Made by J. E. Morris, Manager

Again we are facing the two factors at work now for almost two years in the book store, i. e.,

- (1) Amount of sales with its corresponding commission to the University.
- (2) Elimination of unsalable stock from the store's inventory.

By estimating the sales for the remainder of November and the month of December we produce the following table of sales.

1931	1932
\$ 86,000	\$ 64,000

We account for this sharp reduction in the following ways:

- (1) Lower enrollment
- (2) Reduced prices on student supplies
- (3) Poor buying power of students now here.

The next table I offer shows the manner in which your commission has been applied for the first eighteen months of my management.

Your commission January 1931 to July 1932	\$11,632.98
Cost of eliminating unsalable stock	6,251.04
For paying interest and cash reserve	\$ 5,381.94

It is regrettable that we have still more unsalable stock to be cleared. That you may see this problem more clearly I have a few items to discuss with you.

- (1) Reports from two departments.
- (2) The discontinued hygiene text.
- (3) What shall we do with goods too poor to sell and too good to throw away.

With these problems aired again I feel I should make the following statement. From these discussions of our bad stock, please do not lose sight of the fact that the great majority of our inventory is perfectly sound and salable; That this problem of liquidation is not a continuous one but will in the near future be solved and we can go ahead with a sound inventory.

My part of this contract has not been easy to live up to, especially in the last few months.

- (1) Our sales have dropped sharply.
- (2) Freight rates have advanced.
- (3) The articles we sold at sacrifice prices to clean out of inventory did not carry our normal profit.
- (4) We still lack the full cooperation of some departments.

We have tried to meet these conditions by

- (1) Cutting one member from our force.
- (2) Cutting salaries of those remaining.
- (3) Discontinuing advertising.

Another saving will be possible if you will accept a lower bond which we believe in view of lowered sales will now give you the same protection as the present one gave you a year ago.

Prices to students are still being lowered.

- (1) Through drop in wholesale prices which we have passed on to the student.
- (2) Bargain prices made possible by losses you have agreed to take on certain items in order to clear them from the shelves.

This last reason also applies to requisition prices which like the student supplies are all moving downward. Such quantity items as mimeograph paper, mimeograph ink, carbon paper, typewriter ribbons and stencils have all been cut.

In conclusion, I want to put aside any modesty I ever had and tell you that I am proud of the record of the past two years. Before my management the store for three years was in its present quarters doing a big business at list price with no depression. Under your present contract during those three years you would have accumulated some \$20,000 commission instead of a debit representing several thousand lost in bad inventory. Within the past two years we have absorbed more than six thousand dollars of this loss, have set up a cash balance on reserve of more than five thousand and will before this year is finished have another three thousand for additional clean up work or to join the cash reserve.

Campus Book Store Report to Senate, November, 1932

Made by D. H. Peak, Business Agent

In the report of the Campus Book Store to the Senate made last year the following points were discussed:

1. History of the store.
2. Unsatisfactory results under old plan.
3. The new plan and management and prospect of better results.
4. Finances and financial outlook.

The status of finances, so far as the University is concerned, at the end of the second year under the new management will be approximately as follows:

Inventory January 1, 1931		35,946.45
Inventory of fixtures January 1, 1931		3,132.05
Total inventory		<u>39,078.50</u>
Inventory reduced by amount paid by Mr. Morris		247.80
		<u>38,830.70</u>
Total income 1931		8,557.67
Total income 1932 (estimated)		6,400.00
Grand total		<u>14,957.67</u>
Loss in stock charged off 1931	4,970.93	
Loss in stock charged off 1932	3,263.35	8,234.28
		<u>6,722.39</u>
Net investment Jan. 1, 1931 (Flood loss not included)		39,971.19
Income 1931 used to reduce invest.	3,586.74	
Income 1932 used to reduce invest.	3,136.65	
Cash paid by Mr. Morris for stock reduction	247.80	6,971.19
Net investment December 31, 1932		<u>33,000.00</u>
Flood Loss		21,276.51

These figures show an inventory of \$35,698.65 in stock and \$3,132.05 in fixtures. The actual cash value of the fixtures is probably \$1,000.00. This means a loss of \$2,132.05. The loss on old stock has not yet been absorbed and this will be at least \$3,698.65, making the total loss yet to be absorbed in reduction of inventory, \$5,830.70. If these losses do not exceed the \$5,830.70 then the actual value of the inventory now equals the amount of the investment exclusive of flood loss. The figures do not include interest on investment and rental charges, no part of which we have yet been able to pay.

5. Plea for cooperation.

The Book Store Committee has asked Mr. Morris to make a statement dealing with problems that may be largely solved by the cooperation of the University staff.

The reports were ordered recorded in the Minutes, and by motion duly seconded, the action of the Book Store Committee in reducing the bond of the Manager from \$30,000.00 to \$20,000.00 was approved.

14. Wilcoxon Bill (Sprinkler).

The C. C. Wilcoxon Company presented a bill for \$277.50 claimed as balance due on sprinkler contract at Patterson Hall. It was ordered that M. J. Crutcher and D. H. Peak confer with a representative of the company and agree on some equitable settlement.

15. Laundry Contracts.

The bids of Peerless Laundry Company and Cropper's Laundry for the laundry work of the Men's Dormitories being the same, to-wit, two and a half cents per pound for a period of one year, it was suggested that the contract be awarded for one-half the period to each laundry company, or that it be left to the companies to determine the question in their own way.

16. Protection of Gymnasium Against Floods.

The following suggestion of Superintendent of Buildings and Grounds was approved and he was ordered to proceed with the work:

1. Remove double doors entering Old Bookstore and replace with standard steel sash now on hand.
2. Same to unused doors east of Boiler Room entrance.
3. Build concrete sills across entrances on west side, east side, and Boiler Room, approximately 18" high, remove transoms and rehang doors.

17. Tapping Sewer.

The request of C. M. Johnson to tap sewer continued from last meeting was referred to President McVey and Dean Cooper for settlement.

18. Proposal of Tobacco Warehousemen.

Dean Cooper presented the following proposal:

November 25, 1932

President Frank L. McVey
University of Kentucky

Dear President McVey:

The Lexington tobacco warehousemen have been interested in the various lines of work carried on by the Agricultural College in connection with the growing and marketing of tobacco. In a recent conversation, I took up with representatives the general situation brought about in this work by the loss of funds.

I am now in receipt of a letter from Mr. C. O. Carpenter, chairman of the committee of the Lexington Tobacco Warehousemen, with check for \$600, in which he states; the warehousemen desire "to donate for furthering the work you are doing in assisting the farmer, particularly the tobacco grower. All of the warehousemen are tobacco growers and we appreciate the service you are rendering the farmers in keeping them informed as to the best methods of producing and selling their products and are in hopes you will be able to continue this service."

This contribution will be most helpful in our work. I recommend that the Board of Trustees authorize the acceptance of the fund for the Agricultural Extension Division, and permit its use for the purpose of aiding in the development and dissemination of information on tobacco.

Very truly yours,

Thomas Cooper
Dean and Director.

The donation was accepted and Dean Cooper was ordered to proceed with the project as outlined in the above copied letter.

19. Appointments and Continuations

James A. McDonald appointed field agent in Marketing, Department of Markets and Rural Finance, Agricultural Extension Division, effective December 1, 1932, for a period not to exceed three months, salary \$250.00 per month.

P. R. Watlington, continuation of employment as county agent of Bourbon County, salary \$204.16-2/3. Reduction in salary of \$190.00 per year because of decreased county appropriation.

Ellen Scott appointed instructor of extension courses in Political Science without salary.

On motion the meeting adjourned.

D. H. Peak
Secretary, Board of Trustees.