

Irregularities

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, September 4, 1956.

Pursuant to call of the Chairman of the Board of Trustees, duly issued August 22, 1956, the Board of Trustees met September 4, with the following members present: Governor A. B. Chandler, Chairman; Ben Butler, Harper Gatton, Wood Hannah, Sr., J. Stephen Watkins, R. P. Hobson, Dr. Ralph J. Angelucci, Dr. Harry Denham, Robert C. Stilz and Robert R. Martin. Absent: Louis Cox, Mrs. Paul G. Blazer, Carl Dempewolfe, W. F. Foster and Dr. Daniel C. Elkin. President Frank G. Dickey and Secretary Frank D. Peterson met with the Board.

A. Approval of Minutes.

Upon motion duly made, seconded and carried, the minutes of the Board of Trustees of June 22, 1956; and the minutes of the Executive Committee of July 20, 1956, were approved as published.

B. Report of the Treasurer.

Mr. Peterson made the Treasurer's Report and distributed to each member of the Board a financial report giving the balance sheet and a statement of fund operations for the month of July, 1956. The report also contained the book value of the University plant, giving the net investment in the plant. The report also contained a list of bond issues and the amount outstanding on each.

The report was examined and discussed, and upon motion duly made, seconded and carried, authorized received and put to record.


UNIVERSITY OF KENTUCKY
 LEXINGTON

August 23, 1956

Dr. H. L. Donovan, President
 University of Kentucky
 Lexington, Kentucky

My dear Doctor Donovan:

I am submitting herewith the Financial Report of the University covering fund transactions for the one month period ended July 31, 1956, consisting of a balance sheet and related financial statements.

The income received during this period for general fund purposes amounted to \$3,451,891.56, or 30.70% of the budget estimate of \$11,242,461.93. The income realized came primarily from state appropriation and federal grant sources totaling \$3,170,780.41.

The University also received its initial allotment from the State of Kentucky in the amount of \$300,000.00 towards the construction of the new medical school.

Current fund expenditures and encumbrances for the period totaled \$945,751.08, which is 8.56% of the departmental appropriations amounting to \$11,043,978.45.

The appraisal value of the University plant and the net investment therein is indicated by the following statement:

Fixed Asset

Land	\$ 1,618,124.43
Buildings	27,829,021.00
Equipment	8,847,646.00
Construction in Progress (Cooperstown)	<u>2,800,000.00</u>
Total	<u>\$41,094,791.43</u>
Less--	
Revenue Bonds Outstanding	7,492,500.00
Other Liabilities (South Farm)	200,000.00
	<u>\$ 7,692,500.00</u>
Net Investment in Plant	<u><u>\$33,402,291.43</u></u>

The schedule below shows bonds outstanding at June 30, 1956, with interest and principal due during the fiscal year 1956-57.

<u>Bond Issue</u>	<u>Bonds Outstanding</u>	<u>Principal Due</u>	<u>Interest Due</u>
1st P. W. A. Refunding Issue	\$ 209,000.00	\$ 33,000.00	\$ 3,657.50
2nd P. W. A. Refunding Issue	175,000.00	14,000.00	5,145.00
Dormitory Revenue Issue	329,000.00	14,000.00	6,485.00
Auditorium Field House Issue	585,000.00	45,000.00	15,468.75
Library & Service Bldg. Issue	340,000.00	27,000.00	10,510.00
Stadium Addition Rev. Issue	195,000.00	15,000.00	6,037.50
Dormitory Rev. Issue (456 Rose)	62,500.00	2,500.00	1,753.13
Journalism Building Issue	159,000.00	11,000.00	4,221.25
Dormitory Rev. Issue (476 Rose)	66,000.00	2,000.00	1,927.50
Dormitory Rev. Bond of 1952	1,215,000.00	20,000.00	36,571.50
Dormitory Rev. Bond of 1953	680,000.00	16,000.00	23,122.50
Dormitory Rev. Bond of 1954	722,000.00	10,000.00	21,352.50
Dormitory Rev. Bond of 1955	2,800,000.00	25,000.00	94,332.50
Totals	<u>\$7,537,500.00</u>	<u>\$234,500.00</u>	<u>\$230,584.63</u>

The value of inventories as of June 30, 1956 was \$294,988.31. This amount was made up from the inventories as listed below:

<u>Inventory</u>	<u>Division of Colleges</u>
Campus Bookstore	\$ 34,924.93
Caps and Gowns	4,664.65
Stores	155,500.00
Work in Progress	99,898.73
Total	<u>\$294,988.31</u>

Sincerely yours,

Frank D. Peterson
Vice President
Business Administration

University of Kentucky
BALANCE SHEET
As of July 31, 1956

ASSETS

	Division of Colleges	Agricultural Experiment Station	Agricultural Extension Division	Total
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Current Funds

General:

Cash in Bank	\$ 21,976.57	\$ 324,975.67	\$ 820,602.40	\$ 1,167,554.64
Petty Cash Fund	40,000.00	10,000.00		50,000.00
<u>State Allotments:</u>				
<u>Current Year</u>	1,158,351.75	301,086.08	214,209.80	1,673,647.63
Prior Year	3,575.92	1,748.52		5,324.44
Revolving Funds	221,313.62	424,404.28		645,717.90
Inventories	294,988.31			294,988.31
Due from Other Govt. Units	16,723.40			16,723.40
Deferred Charges	52,666.20			52,666.20
Unreal. Income	4,884,018.67	1,492,597.78	1,413,953.92	7,790,570.37
 Total General	 \$ 6,693,614.44	 \$ 2,554,812.33	 \$ 2,448,766.12	 \$ 11,697,192.89

Restricted:

Cash in Bank	\$ 375,128.89	\$ 173,944.19	\$ 137,476.17	\$ 686,549.25
Petty Cash Adv.	6,832.09	3,100.00	1,000.00	10,932.09
Investments	1,100,181.82	15,027.00		1,115,208.82
 Total Restr.	 \$ 1,482,142.80	 \$ 192,071.19	 \$ 138,476.17	 \$ 1,812,690.16
Total Current	\$ 8,175,757.24	\$ 2,746,883.52	\$ 2,587,242.29	\$ 13,509,883.05

Plant Funds

Unexpended:

Cash in Bank	\$ 98,060.00	\$	\$	\$ 98,060.00
State Allotment	300,000.00			300,000.00
Revolving Funds	204,731.89	107,755.79		312,487.68
Unrealized Income	193,452.00			193,452.00
 Total Unexp.	 \$ 796,243.89	 \$ 107,755.79	 \$	 \$ 903,999.68

Investment in Plant:

Construction Author.	\$ 2,800,000.00	\$	\$	\$ 2,800,000.00
Fixed Assets	34,145,521.12	4,149,270.31		38,294,791.43
 Total-Invested	 \$36,945,521.12	 \$4,149,270.31	 \$	 \$41,094,791.43
Total-Plant	\$37,741,765.01	\$4,257,026.10	\$	\$41,998,791.11

Other Funds:

	<u>Loan</u>	<u>Endowment</u>	<u>Agency</u>	
Cash in Bank	\$ 4,495.92*	\$ 4,044.48	\$ 77,443.50	\$ 76,992.06
Notes Receivable	37,359.13			37,359.13
Investments	75,500.00	202,904.83	15,967.19	294,372.02
 Total Other Funds	 \$ 108,363.21	 \$ 206,949.31	 \$ 93,410.69	 \$ 408,723.21

Total Assets \$55,917,397.37

* Overdraft.

University of Kentucky
BALANCE SHEET
As of July 31, 1956

LIABILITIES

	Division of Colleges	Agricultural Experiment Station	Agricultural Extension Division	Total
<u>Current Funds</u>				
<u>General:</u>				
Petty Cash Liability	\$ 40,000.00	\$ 10,000.00	\$	\$ 50,000.00
Res. for Encumb.:				
Current Year	280,474.76	36,991.46	1,687.05	319,153.27
Prior Year	170,021.77	122,833.39	49,292.28	342,147.44
Res. for Inventories	294,988.31			294,988.31
Res. for Fire Loss	103,603.66			103,603.66
Other Liabilities	52,666.20			52,666.20
Unapprop. Surplus	5,545.04	430,861.60		436,406.64
Approp. Bal.	5,746,314.70	1,954,125.88	2,397,786.79	10,098,227.37
Total General	\$ 6,693,614.44	\$ 2,554,812.33	\$ 2,448,766.12	\$ 11,697,192.89
<u>Restricted:</u>				
Outstanding Checks	\$ 6,421.55	\$	\$	\$ 6,421.55
Restr. Balance	1,475,721.25	192,071.19	138,476.17	1,806,268.61
Total Restr.	\$ 1,482,142.80	\$ 192,071.19	\$ 138,476.17	\$ 1,812,690.16
Total Current	\$ 8,175,757.24	\$ 2,746,883.52	\$ 2,587,242.29	\$ 13,509,883.05
<u>Plant Funds</u>				
<u>Unexpended:</u>				
Res. for Encumb.:				
Current Year	\$ 100,000.00	\$ 58,879.95	\$	\$ 158,879.95
Prior Year	11,262.60	43,557.85		54,820.45
Surplus		44,697.94		44,697.94
Approp. Bal.	684,981.29	39,379.95*		645,601.34
Total Unexp.	\$ 796,243.89	\$ 107,755.79	\$	\$ 903,999.68
<u>Investment in Plant:</u>				
Bonds Payable	\$ 7,492,500.00	\$	\$	\$ 7,492,500.00
Other Liabilities		200,000.00		200,000.00
Net Invested	29,453,021.12	3,949,270.31		33,402,291.43
Total Invested	\$36,945,521.12	\$4,149,270.31	\$	\$41,094,791.43
Total Plant	\$37,741,765.01	\$4,257,026.10	\$	\$41,998,791.11
<u>Other Funds:</u>				
Bal. as to Principal	\$ 73,399.81	\$ 202,724.05	\$	\$ 276,123.86
Bal. as to Income	34,963.40	4,225.26	93,410.69	132,599.35
Total Other Funds	\$ 108,363.21	\$ 206,949.31	\$ 93,410.69	\$ 408,723.21
Total Liabilities				\$55,917,397.37

*Negative Figure.

University of Kentucky
 STATEMENT OF UNREALIZED INCOME
 For the Current Fiscal Period which began
 July 1, 1956 and ended July 31, 1956

General Fund

	Budget Estimate	Realized to Date	Unrealized Balance
<u>Division of Colleges</u>			
<u>Educational and General:</u>			
State Appropriations	\$ 4,860,000.00	\$ 1,500,000.00	\$ 3,360,000.00
Fed. Grants (through the State)	135,860.10		135,860.10
Student Fees	984,500.00	86,495.63	898,004.37
Endowment Income	9,644.50	8,700.00	944.50
Sales and Services and Rentals	20,000.00	5,903.14	14,096.86
Returned Checks		182.45*	182.45
Subtotal	\$ 6,010,004.60	\$ 1,600,916.32	\$ 4,409,088.28
		26.64%	
Auxiliary Enterprises	497,272.00	22,341.61	474,930.39
		0.05%	
Total-Colleges	\$ 6,507,276.60	\$ 1,623,257.93	\$ 4,884,018.67
		24.95%	
<u>Agricultural Experiment Station</u>			
State Appropriations	\$ 808,000.00	\$ 350,000.00	\$ 458,000.00
Federal Grants (direct)	801,991.00	169,540.00	632,451.00
Sales and Services	560,000.00	157,853.22	402,146.78
Total-Experiment Station	\$ 2,169,991.00	\$ 677,393.22	\$ 1,492,597.78
		31.22%	
<u>Agricultural Extension Division</u>			
State Appropriations	\$ 828,000.00	\$ 280,000.00	\$ 548,000.00
Federal Grants (direct)	1,737,194.33	871,240.41	875,240.39
Total-Agr. Extension	\$ 2,565,194.33	\$ 1,151,240.41	\$ 1,413,953.92
		44.88%	
Total-General	\$11,242,461.93	\$3,451,891.56	\$ 7,790,570.37
		30.70%	
<u>Plant Fund:</u>			
Debt Service Income	\$ 291,512.00	\$ 98,060.00	\$ 193,452.00
		33.64%	
Combined Total	\$11,533,973.93	\$3,549,951.56	\$ 7,984,022.37
		30.78%	

*Negative Figure.

UNIVERSITY OF KENTUCKY
STATEMENT OF DEPARTMENTAL APPROPRIATIONS
For the Current Fiscal Period which began
July 1, 1956, and ended July 31, 1956

	Dept. Approp.	Expendi- tures	Encum- brances	Approp. Balance
<u>Division of Colleges</u>				
<u>Adm. & General:</u>				
Gen. Adm. Offices	\$ 150,395.00	\$ 13,409.32	\$ 1,218.72	\$ 135,766.96
Student Services	245,489.46	16,839.39	3,639.16	225,010.91
Staff Welfare	71,000.00	5,266.00		65,734.00
Gen. Inst. Serv.	122,060.00	4,633.89	12,870.81	104,555.30
Subtotal	<u>\$ 588,944.46</u>	<u>\$ 40,148.60</u>	<u>\$ 17,728.69</u>	<u>\$ 531,067.17</u>
			9.83%	
<u>Instr. & Research</u>				
<u>College of --</u>				
Agr. & Home Econ.	\$ 352,230.00	\$ 21,322.73	\$ 1,052.06	\$ 329,855.21
Arts & Sciences	1,888,838.56	124,241.66	22,330.11	1,742,266.79
Commerce	252,363.00	18,980.90	8,421.06	224,961.04
Education	450,445.00	30,921.34	10,595.72	408,927.94
Engineering	482,716.68	29,455.72	3,802.47	449,458.49
Law	105,401.00	6,506.12	40.75	98,854.13
Pharmacy	103,300.00	2,308.08	1,615.77	99,376.15
Graduate School	15,793.00	1,045.56		14,747.44
Org. Act. Rel. Edu.	35,124.00	1,970.87	444.70	32,708.43
Research	20,000.00	180.00	692.00	19,128.00
Libraries	324,260.95	18,073.45	4,962.78	301,224.72
Adult & Ext. Edu.	264,000.00	11,828.26	1,672.50	250,499.24
Subtotal	<u>\$ 4,294,472.19</u>	<u>\$ 266,834.69</u>	<u>\$ 55,629.92</u>	<u>\$ 3,972,007.58</u>
			7.51%	
<u>Other Expenses:</u>				
Oper. & Maint. Plant	\$ 1,031,542.00	\$ 11,785.28*	\$ 116,995.82	\$ 926,331.46
Auxiliary Enterpr.	379,548.00	42,103.80	33,236.74	304,207.46
Working Capital	75,000.00	4,152.86	55,803.09	15,044.05
Clearing Accts.		1,262.52	1,080.50	2,343.02*
Subtotal	<u>\$ 1,486,090.00</u>	<u>\$ 35,733.90</u>	<u>\$ 207,116.15</u>	<u>\$ 1,243,239.95</u>
			1.63%	
Total-Colleges	<u>\$ 6,369,506.65</u>	<u>\$ 342,717.19</u>	<u>\$ 280,474.76</u>	<u>\$ 5,746,314.70</u>
			9.78%	
Agr. Exper. Station	2,099,991.00	108,873.66	36,991.46	1,954,125.88
			6.95%	
Agr. Extension Div.	2,574,480.80	175,006.96	1,687.05	2,397,786.79
			6.86%	
Combined Total	<u>\$ 11,043,978.45</u>	<u>\$ 626,597.81</u>	<u>\$ 319,153.27</u>	<u>\$ 10,098,227.37</u>
			8.56%	

*Negative Figure

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University of Kentucky
 STATEMENT OF PLANT FUND APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1956, and ended July 31, 1956

Division of Colleges	Dept. Approp.	Expendi- tures	Encum- brances	Free Balance
<u>Construction:</u>				
Holmes Hall	\$ 2,031.49	\$		\$ 2,031.49
Medical School	300,000.00		\$100,000.00	200,000.00
Total-Construction	<u>\$302,031.49</u>	<u>\$</u>	<u>\$100,000.00</u>	<u>\$202,031.49</u>
			33.11%	
<u>Retirement of Indebtedness</u>				
1st W. P. A. Bond Issue	\$ 36,708.97			\$ 36,708.97
2nd W. P. A. Bond Issue	19,256.65			19,256.65
Dorm. Rev. Bond Issue	24,449.25			24,449.25
Audit-Field H. Issue	61,910.63	53,106.47		8,804.16
Lib. & Serv. Bldg. Issue	45,069.42			45,069.42
Stad. Add. Issue	21,084.71			21,084.71
Dorm. Rev. Issue (456 Rose)	4,301.65			4,301.65
Jour. Bldg. Bond Issue	15,355.75			15,355.75
Dorm. Rev. Issue (476 Rose)	4,029.43			4,029.43
Stud. Dorms. U. K.	19,168.94			19,168.94
Stud. Dorm. -Kappa Sigma	9,359.51			9,359.51
Stud. Dorm. -Lambda Chi	11,431.28			11,431.28
Stud. Dorm. -Phi Sigma K	9,359.50			9,359.50
Stud. Dorm. -Pi Kappa A	11,050.03			11,050.03
Dorm. Rev. Bond 1952	56,796.00			56,796.00
Dorm. Rev. Bond 1954	33,079.01			33,079.01
Lib. & Serv. Bldg. Res.	34,007.54			34,007.54
Dorm. Rev. Bond 1955				
Cooperstown Apts.	119,638.00			119,638.00
Total -- Retirement of Indebtedness	<u>\$536,056.27</u>	<u>\$ 53,106.47</u>	<u>\$</u>	<u>\$482,949.80</u>
			9.91%	
Total -- Colleges	\$838,087.76	\$ 53,106.47	\$100,000.00	\$684,981.29
			18.27%	
Agr. Exper. Station Const.	19,500.00		58,879.95	39,379.95*
			301.95%	
Combined Total	<u>\$857,587.76</u>	<u>\$ 53,106.47</u>	<u>\$158,879.95</u>	<u>\$645,601.34</u>
			24.72%	

*Negative figure.

University of Kentucky
 STATEMENT OF OTHER FUND TRANSACTIONS
 For the Current Fiscal Period which began
 July 1, 1956 and ended July 31, 1956

	Balance July 1, 1956	Receipts	Disburse- ments	Balance July 31, 1956
Restricted Funds:				
<u>Division of Colleges</u>	\$1,449,187.65	\$223,760.34	\$197,226.74	\$1,475,721.25
Agr. Exp. Station	164,146.78	55,358.27	27,433.86	192,071.19
Agr. Exten. Div.	136,305.48	13,501.59	11,330.90	138,476.17
Subtotal	<u>\$1,749,639.91</u>	<u>\$292,620.20</u>	<u>\$235,991.50</u>	<u>\$1,806,268.61</u>
Loan Fund:				
<u>Principal</u>	\$ 73,399.81	\$	\$	\$ 73,399.81
Income	34,912.99	50.41		34,963.40
Subtotal	<u>\$ 108,312.80</u>	<u>\$ 50.41</u>	<u>\$</u>	<u>\$ 108,363.21</u>
Endowment Funds:				
<u>Principal</u>	\$ 202,724.05	\$	\$	\$ 202,724.05
Income	4,214.76	10.50		4,225.26
Subtotal	<u>\$ 206,938.81</u>	<u>\$ 10.50</u>	<u>\$</u>	<u>\$ 206,949.31</u>
Agency Funds:				
<u>Balances</u>	\$ 92,840.93	\$ 70,378.92	\$ 69,809.16	\$ 93,410.69
Combined Totals	<u>\$2,157,732.45</u>	<u>\$363,060.03</u>	<u>\$305,800.66</u>	<u>\$2,214,991.82</u>

C. Budget Increase, Y. M. C. A.

Mr. Peterson explained that the Director of the University Y. M. C. A., during the year 1955-56, through error paid personal services from restricted account No. 3050 in the amount of \$816.00, which should have been charged to Account 140. The Director of the Y. M. C. A. has requested that the budget appropriation Account 140 be increased so as to permit an expenditure of \$816.00 to reimburse Account 3050. Mr. Peterson stated that, as of June 30, 1956, the balance of Account 140 was more than \$2,000.00. This is further evidence that an error was made and he recommended that the request be granted.

Upon motion duly made, seconded and carried, the Comptroller was authorized to increase the appropriation of Account 140 by \$816.00 from the unappropriated surplus of the General Budget of the University.

D. Appointment of Dean of the College of Education -- Doctor Ginger.

President Dickey read the following statement to members of the Board of Trustees:

Since my appointment as President of the University on June 22, we have been engaged in a careful search for a new dean of the College of Education. One of our first tasks was that of discussing this important appointment with other administrative officers of the University and with the faculty of the College of Education. After a thorough study of those suggested for consideration, I would like to recommend Dr. Lyman V. Ginger as the outstanding person for this position.

Dr. Ginger is a man already known to most of you as the former director of the University School and head of the Division of Instruction in the College of Education and as the Dean of the College of Adult and Extension Education since its founding in 1954. Dr. Ginger has done superior work in all these positions. He has gained both statewide and nationwide recognition and is presently the first vice president of the National Education Association. Dean Ginger served two consecutive terms as president of the Kentucky Education Association and was instrumental in working toward the passing of the constitutional amendment which made possible the inauguration of the Minimum Foundation Program for public education.

Dr. Ginger is well known among the members of the teaching profession in Kentucky and will represent the University well in the capacity of dean of the College of Education.

In order that there will be no feeling of insecurity on the part of the College of Education faculty and students, I am recommending that Dr. Ginger be made full dean of the college, but am also recommending that he be changed from Dean of the College of Adult and Extension Education to Acting Dean of that college.

During the next few months I should like for Dr. Ginger and other members of the University staff to make a thorough study of the purposes, activities and relationships of the College of Adult and Extension Education in a growing University. After such a study has been completed we shall be in a better position to make a long-range recommendation regarding the administrative head of the College of Adult and Extension Education.

It is, therefore, my recommendation that Dr. Lyman V. Ginger be named Dean of the College of Education and Acting Dean of the College of Adult and Extension Education.

The recommendation of President Dickey was well received, and upon motion duly made, seconded and carried, Dr. Lyman V. Ginger was elected dean of the College of Education and acting dean of the College of Adult and Extension Education, effective September 1, 1956.

E. Appointment of Associate Dean of the College of Agriculture and Home Economics -- Doctor Wall.

President Dickey submitted a recommendation from Dr. Frank J. Welch, Dean and Director of the College of Agriculture and Home Economics and Agricultural Experiment Station. Doctor Dickey stated that Dean Welch had made an intensive search through a screening committee for an associate dean to take Dean L. J. Horlacher's place. He stated that, after many contacts with prospects both on the campus and off, the committee had made final report of its findings and recommended the appointment of Dr. Stanley Wall as associate dean, effective September 1, 1956, with salary adjustment as of the same date.

President Dickey stated that Doctor Wall was well qualified in terms of training, experience, personality and enthusiasm in relation to building a constructive, forward-looking training program in the field of agriculture and home economics. He stated that Dean Welch felt that they were exceedingly fortunate in finding a man of Doctor Wall's caliber on our campus.

Doctor Wall did his undergraduate work at Berea College and made an outstanding record on the graduate level here at the University.

President Dickey recommended that Doctor Wall's appointment be approved.

Upon motion duly made, seconded and carried, Dr. Stanley Wall was appointed associate dean of the College of Agriculture and Home Economics, effective September 1, 1956, with adjustment in salary.

F. Appointment of Committee to Study Program in Adult and Extension Education.

President Dickey stated that the appointment of Dr. Lyman V. Ginger, Dean of the College of Education and Acting Dean of Adult and Extension Education, makes it desirable to re-study the adult and extension program of the University before a definite appointment is made for the College of Adult and Extension Education. He asked the Board of Trustees to authorize the appointment of a committee of administrative officials and faculty members to study the growth potentials of the adult and extension education program. The committee would also make recommendations regarding the procedures and relationships which should be developed for the most smoothly functioning program.

Members of the Board being advised as to what President Dickey had in mind and, after some discussion, upon motion duly made, seconded and carried, President Dickey was authorized to appoint a committee to make the study and recommendations.

G. Appointments and Other Staff Changes.

President Dickey submitted staff appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes requested by deans and heads of departments.

COLLEGE OF ARTS AND SCIENCES

Appointments

Elizabeth E. Taylor, Instructor, Radio Arts, transferred from College of Education for ten months, effective September 1, 1956.

Bobbie L. Boyd, Speech Therapist, Psychology, for ten months, effective September 1, 1956.

Richard A. Sanderson, Film Supervisor and Instructor, Radio Arts, effective September 1, 1956.

William O. Reichert, Instructor, Political Science, for ten months, effective September 1, 1956.

Dr. Kenneth Purcell, Part-time Assistant Professor, Psychology, for ten months, effective September 1, 1956.

Charles M. Buess, Visiting Associate Professor, Chemistry for ten months, effective September 1, 1956.

John A. Modrick, Assistant Professor, Psychology, effective September 1, 1956.

Betty Gena Blanton, Instructor, Physical Education, for ten months, effective September 1, 1956.

Wesley J. Finnell, Attendant, Physical Education, effective August 21, 1956.

Sarah Ripy, Part-time Instructor, Mathematics and Astronomy, for ten months, effective September 1, 1956.

R. D. Halladay, Instructor, Physics, for ten months, effective September 1, 1956. (Reappointment).

Richard Fred Hood, reappointed Instructor, Physics, for ten months, effective September 1, 1956.

E. Faye Cagle, Speech Therapist, Psychology, reappointed for two months, effective July 1, 1956.

Dr. Hellmut P. Penner, Visiting Assistant Professor, Department of Chemistry, effective September 1, for a period of ten months.

Miss Cheryl Kupper, Instructor, Department of English, Speech and Dramatic Arts, effective September 1, for a period of ten months.

Resignations

Robert S. Weatherwax, Assistant Professor, Bacteriology, effective August 31, 1956.

Lois Askin Fields, Secretary, Audiology Clinic - Psychology, effective August 11, 1956.

Joseph B. Cathey, Jr., Geologist, Kentucky Geological Survey, effective August 31, 1956.

Philip A. Smith, Assistant Professor, Psychology, effective September 1, 1956.

James A. Ward, Mathematics and Astronomy, Professor, effective September 1, 1956.

Robert E. Bills, Associate Professor, Psychology, effective August 31, 1956.

Arthur W. Eads, Storekeeper, Chemistry, effective July 31, 1956.

Dr. Ernest V. Lefever, Instructor, Political Science, resignation of new appointment, effective September 1, 1956.

Leaves of Absence

J. Merton England, Professor, History Department, sabbatic leave for nine months, effective September 1, 1956.

Charles E. Snow, Professor and Head of Anthropology Department, leave for twelve months, effective September 1, 1956.

Irwin T. Sanders, Professor of Sociology, leave for ten months, effective September 1, 1956.

J. A. Shear, Associate Professor, Department of Geography, leave of absence, effective September 1, 1956.

Salary Adjustments

Milton Arthur Voigt, Instructor, English Department, adjustment in salary, for ten months, effective September 1, 1956.

Norman Gelber, Instructor, English Department, adjustment in salary for ten months, effective September 1, 1956.

Robert Armistead Bryan, Instructor, English Department, adjustment in salary for ten months, effective September 1, 1956.

COLLEGE OF AGRICULTURE AND HOME ECONOMICS

Appointments

Mrs. Martha Barrow Jenks, Assistant County Home Demonstration Agent, Woodford County, effective August 1, 1956.

Iris June Davis, Assistant County Home Demonstration Agent in Training, Breckinridge County, effective August 1, 1956.

Mrs. Milana Drazic, Laboratory Technician, Experiment Station, effective July 23, 1956.

Shirley Fay Garland, Assistant County Home Demonstration Agent in Training, S. Madison-Rockcastle Counties, effective August 15, 1956.

John H. Ellis, Laboratory Technician, Experiment Station, effective August 13, 1956.

Mrs. Lockett Tabb, Clerk-Typist, Extension, effective August 1, 1956.

William Lewis Klaber, Herdsman, effective August 1, 1956.

Royce Burchett, Farm Laborer, West Kentucky Substation, effective September 1, 1956.

Mrs. Irene Roberts, Research Assistant, Home Economics, effective September 1, 1956.

Lillian Beatrice Hutzler, Technician in Animal Pathology, effective September 1, 1956.

Patricia L. Childers, Clerk-Stenographer, Extension, effective August 13, 1956.

Mrs. Lillian M. Burberry, Clerk-Stenographer, Experiment Station, effective August 20, 1956.

Donald J. Cotter, Assistant Horticulturist and Assistant Professor, effective August 6, 1956.

Rosella C. Manns, Clerk, Extension - Franklin County, effective August 20, 1956.

Mrs. Helen Jane White, Stenographer, Extension, effective August 22, 1956.

Sara Thompson, Assistant County Home Demonstration Agent in Training, Laurel County, effective August 1, 1956.

Dr. William A. Seay, Administrative Assistant, effective August 1, 1956.

Hugh B. Price, from Administrative Assistant to Special Administrative Assistant in Charge of Tobacco Programs, effective August 1, 1956.

Resignations

Cecil Conley, Assistant County Agricultural Agent, Laurel County, effective July 28, 1956.

Herman Earl Faughn, Farm Laborer, effective July 9, 1956.

Mrs. Betty C. Powers, County Home Demonstration Agent, Johnson County, effective July 31, 1956.

Virginia D. Ratliff, County Home Demonstration Agent, Perry County, effective July 31, 1956.

Maurice Cole, Assistant County Agricultural Agent, Todd County, effective June 30, 1956.

Betty Downer Eastin, Assistant Professor, effective August 31, 1956.

Carl W. Jones, Specialist in 4-H and Utopia, deceased August 1, 1956.

Wayne J. Sininger, Assistant County Agent, Greenup County, effective July 30, 1956.

Robert Fields, Aid in Agronomy, effective July 13, 1956.

Mrs. Barbara O. Ford, County Home Demonstration Agent, McLean County, effective August 31, 1956.

Mrs. Martha Jane Dixon, Clerk-Stenographer, Extension, effective September 14, 1956.

Clyde Watts, Extension, effective April 30, 1956.

Emery Dee Price, Aid in Agronomy, effective August 21, 1956.

Richard F. Getz, Assistant in Animal Husbandry, effective September 5, 1956.

Charles E. Smith, Jr., Technician in Animal Pathology, effective August 31, 1956.

Edwin Dale, Jr., Technician in Animal Pathology, effective August 31, 1956.

William Walter Carlton, Technician in Animal Pathology, effective August 31, 1956.

Carlos C. Erwin, Assistant Economist, Experiment Station, effective September 1, 1956.

Miss Shirley Fay Garland, Assistant County Home Demonstration Extension Agent in Training, Berea, S. Madison-Rockcastle County, effective August 15, 1956.

Reappointments for the Year 1956-57

Donald G. Paris, Assistant Economist, Experiment Station, effective August 13, 1956.

Loyd Paynter, Tractor Operator, Experiment Station, effective August 6, 1956.

Thomas M. Williams, Jr., Assistant County Agricultural Agent, Boyle County, effective August 1, 1956.

Ross Ellsworth Lowes, Research Assistant in Rural Sociology, for ten months, effective September 15, 1956.

Joe Fuqua, Assistant Economist, Experiment Station, effective August 6, 1956.

Dudley C. Martin, Assistant Horticulturist, effective July 1, 1956.

William Rufus Hourigan, Assistant County Agricultural Agent, Washington County, effective August 15, 1956.

George R. Herbst, Assistant Agr. Co. Agent in Training, Madison County, effective August 1, 1956.

Leaves of Absence

Mrs. Emma C. Tucker, County Home Demonstration Agent, Boyle County, leave for indefinite period, effective July 25, 1956.

Irwin T. Sanders, Professor of Sociology, leave for academic year 1956-57, effective September 1, 1956.

Warren G. Thompson, County Agricultural Agent, Hickman County, sabbatic leave for eight months, effective October 1, 1956.

James B. Thornton, Junior Agricultural Agent, Madison County, sabbatic leave for eight months, effective October 1, 1956.

Catherine A. Knarr, Home Demonstration Agent, Pendleton County, sabbatic leave for eight months, effective October 1, 1956.

J. W. Poe, Jr., County Agricultural Extension Agent, Breathitt County, sabbatic leave for eight months, effective October 1, 1956.

Kathryn G. Sebree, Home Demonstration Agent, Fleming County, sabbatic leave for nine months, effective October 1, 1956.

D. E. Salisbury, County Agricultural Extension Agent, Clinton County, sabbatic leave for nine months, effective October 1, 1956.

Harold B. Clark, Assistant Professor and Assistant Economist, Experiment Station, return from leave, effective August 1, 1956.

Dewey G. Steele, Professor of Genetics, return from leave, effective August 1, 1956.

James T. Williams, Assistant County Agricultural Agent, Clinton County, return from leave, effective August 15, 1956.

Dr. L. J. Horlacher, leave of absence from October 15, 1956, to March 31, 1958.

Adjustment in Salary

James T. Williams, Assistant County Agricultural Agent, Clinton County, adjustment in salary, effective September 1, 1956.

Mike Duff, from County Agricultural Agent, Lewis County, to Coordinator of Special Extension Programs, effective August 1, 1956.

Mable Wiles, Seed Analyst, adjustment in salary, effective August 1, 1956.

Miss Thomas Elaine Pirtle, from Assistant County Home Demonstration Agent to County Home Demonstration Agent, Butler County, effective July 1, 1956.

Mrs. Ida Jo Burg, Associate County Home Demonstration Agent, Daviess County, adjustment in salary, effective July 1, 1956.

Mrs. Helen M. White, District Leader for Home Demonstration Agents, adjustment in salary, effective July 1, 1956.

Susan K. Slaughter, Administrative Assistant, adjustment in salary, effective July 1, 1956.

Novella Hawes, County Home Demonstration Agent, Grayson County, adjustment in salary, effective August 1, 1956.

Mrs. Rachel J. Lewis, from Associate County Home Demonstration Agent to County Home Demonstration Agent, Fayette County, effective August 1, 1956, with adjustment in salary.

Mrs. Naomi S. Christian, from Assistant County Home Demonstration Agent in Training to County Home Demonstration Agent, Johnson County, effective August 1, 1956.

COLLEGE OF ENGINEERING

Appointments

Dr. Merle Carter, Acting Head of Department of Mechanical Engineering, effective July 20, 1956.

J. R. Holland, Assistant Professor, effective August 6, 1956.

Robert Carl Duncan, Technician, effective July 1, 1956.

Resignations

James T. Miller, Instructor, effective July 31, 1956.

Heinrich Karl Epple, Research Engineer, resignation of new appointment, effective July 1, 1956.

Adjustment in Salary

G. E. Alderdice, Instructor, Engineering Drawing, effective July 1, 1956.

H. O. Knight, Instructor, effective July 1, 1956.

Leave of Absence

W. A. Gray, Assistant Professor of Architectural Engineering, leave for July and August, effective July 1, 1956.

COLLEGE OF EDUCATION

Appointments

Delores Slaughter Cheek, Critic, Division of Instruction, for ten months, effective September 1, 1956.

Emmett Burkeen, Critic, Division of Instruction, effective September 1, 1956.

James Robert Ogletree, Assistant Professor, effective August 20, 1956.

M. R. Trabue, Professor, for ten months, effective September 1, 1956.

Mrs. Esther N. Adams, Instructor, effective September 1, 1956.

Denver Sloan, Assistant Professor, for ten months, effective September 1, 1956.

Eugene M. Huff, Athletic Director - University School, effective September 1, 1956.

Floyd Cox, Instructor, effective September 1, 1956.

Resignations

Mrs. Elizabeth Taylor, transferring to Arts & Sciences, effective August 31, 1956.

Phyllis J. Kloecker, effective June 30, 1956.

Leave of Absence

Betty Lohstroh, Secretary, return from leave, effective August 15, 1956.

COLLEGE OF COMMERCE

Appointments

W. W. Harned, Assistant Professor, ten months, effective September 1, 1956.

Carlos C. Erwin, Assistant Professor, for ten months, effective September 1, 1956.

Resignation

Robert H. Cojeen, Associate Professor, effective August 31, 1956.

Leave of Absence

Joseph L. Massie, Assistant Professor, extension of leave until September, 1957.

COLLEGE OF LAW

Appointments

Richard Davenport Gilliam, Jr., Visiting Professor, for ten months, effective September 1, 1956.

William R. Bagby, Part-time Professor, for four months, effective February 1, 1956.

Rufus Lisle, Part-time Professor, for four months, effective February 1, 1956.

John L. Davis, Part-time Professor of Law, for five months, effective September 1, 1956.

F. Selby Hurst, Teaching Associate, for five months, effective September 1, 1956.

Calvert T. Roszell, Teaching Associate, for five months, effective September 1, 1956.

GRADUATE SCHOOL FACULTY

Appointment

Dr. Willis A. Sutton, Jr., Associate Professor of Sociology, effective September 1, 1956.

MEDICAL SCHOOL

Appointments

Richardson K. Noback, Assistant Dean and Associate Professor of Medicine, effective September 1, 1956.

Howard L. Bost, Professor of Medical and Hospital Economics, effective September 1, 1956.

Mrs. Evelyn Magruder, Secretary, effective September 1, 1956.

Alan Ross, Assistant Professor of Medical Statistics, effective September 1, 1956.

Robert Straus, Professor of Medical Sociology, effective September 1, 1956.

OFFICE OF THE PRESIDENT

Appointment

Betty Jo Martin Palmer, Secretary, President Emeritus and Department of Anthropology, effective September 17, 1956.

OFFICE OF THE VICE PRESIDENT

University Library

Resignations

Judith Gelber, Account Clerk, effective July 31, 1956.

Kathryn R. Lay, B.S. Librarian, effective September 7, 1956.

Change in Rank

Lorraine Bates, from Typist to Accounting Clerk - Acquisitions, adjustment in salary, effective September 1, 1956.

Public Relations

Reappointment

Ken Kuhn, Sports Publicity News Editor, effective July 1, 1956.

OFFICE OF THE DEAN OF MEN

Appointment

Robert W. Blakeman, Director of Men's Housing, effective August 1, 1956.

Resignations

Howard Willis Stephenson, Director of Men's Housing, effective July 1, 1956.

Clara D. Lynn, Housemother, effective August 1, 1956.

OFFICE OF THE REGISTRAR

Appointment

Patricia Ann Gray, Assistant Recorder, effective August 6, 1956.

University Testing Service

Resignation

Gracie Lee Buskey, Secretary, effective August 13, 1956.

OFFICE OF THE VICE PRESIDENT, BUSINESS ADMINISTRATION

Business Administration

Appointments

Carolyn C. Blevins, Stenographer, effective August 1, 1956.

Margaret Sue McClure, Clerk-Stenographer, effective July 11, 1956.

Melva Lois Hunt, Clerk-Typist, effective July 20, 1956.

Resignations

Nila Newton, Clerk-Typist, effective August 31, 1956.

Martha Boyd, Clerk-Typist, effective August 31, 1956.

Stenographic Bureau

Resignation

Ena Whitis, Director, effective June 30, 1956.

Machine Statistics

Appointment

Billie Jean Smith, Key Punch Operator, effective August 20, 1956.

Resignations

Betty Duffy, Key Punch Operator, effective August 18, 1956.

Accounting

Resignation

Evon Thompson, Account Clerk, effective August 27, 1956.

Student Union Commons

New Appointment

J. B. Bowles, Warehouseman, Food Storage Center, effective August 6, 1956.

Resignation

Orval Don Cooper, Warehouseman, effective July 31, 1956.

Leave of Absence

L. W. Roberts, Manager, Student Union Grill, leave for July and August, effective July 1, 1956.

The Kentucky Kernel

Resignation

Joan Violet Aibaugh, Proofreader, effective August 28, 1956.

On motion duly made, seconded and carried, on President Dickey's recommendation, the Board of Trustees concurred in the above appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes, and record was ordered made in the minutes.

H. Governor Allocates \$103,300.00.

Governor Chandler announced that he had, pursuant to request of the University, authorized allocation of \$103,300.00 from his emergency fund to carry on the necessary administrative and other expenses of the Medical Center for the fiscal year 1956-57.

Upon motion duly made, seconded and carried, members of the Board of Trustees officially thanked Governor Chandler for the \$103,300.00 necessary to carry on the administrative program of the Medical Center.

I. Administrative Assistant for Public Relations.

President Dickey stated that one of the most important phases of any growing and expanding institution is that of public relations. In the years ahead the University of Kentucky must give especial attention to this field of endeavor. He stated that it was his firm belief that one of the major responsibilities of the president of any great university is in the area of public relations. He stated that the president, however, can not do this job alone. It is a task that must involve many people in many different ways. In order that we may have a more closely coordinated program of public relations with the general policies of the Board of Trustees and the President, and so that we may gain the most possible good from the staff which we now have, he recommended that the Department of Public Relations report directly to the President and that the head of the department, Mr. R. W. Wild, be designated as administrative assistant to the President, in charge of public relations. He stated that this was not an additional position nor did it call for any additional salary.

Upon motion duly made, seconded and carried, the Department of Public Relations was made administratively responsible to the President, and the head of the department, R. W. Wild, was designated Administrative Assistant to the President, in charge of public relations.

J. Architect for Dairy Products Building.

President Dickey read the following letter:

September 1, 1956

Mr. Frank D. Peterson
Vice President, Business
Administration
University of Kentucky

Dear Mr. Peterson:

Certain building alterations will be necessary in that portion of the Dairy Products Building housing the dairy processing plant, in order to accommodate the new equipment to be installed. These minor changes are necessitated by the dimensional and layout requirements of the new equipment and by Health Department requirements for the installation and operation of the new equipment. The principal alterations to be made are as follows:

1. Install quarry tile floor throughout processing plant, so as to provide an impervious, smooth, properly drained surface. This is to be laid on top of present monolithic concrete floor.
2. Channel three secondary drains to empty into present drains, and relocate one of present drains.

3. Raise all cold-storage room doors to allow for laying of floor tile.
4. Remove partitions in two hardening rooms.
5. Increase the wall insulation in a small portion of one hardening room and install can-passing door in this room.
6. Remove a part of the partition between the present bottle filling and bottle washing rooms. This is not a supporting partition.
7. Remove partition between present receiving and bottle washing rooms. This is not a supporting partition.
8. Build partition across present bottle washing room. This is to provide suitable facilities for washing, sterilizing and storing dispenser cans.
9. Pour concrete bases for a limited number of pieces of equipment.

I wish to recommend Frankel and Curtis as architects for this work as per attached contract.

The plans, specifications and conditions of the contract have been worked out by Mr. Kavanaugh, Mr. Farris and Dr. T. R. Freeman.

Sincerely,

(Signed)

Frank J. Welch
Dean and Director

It was further explained that Frankel and Curtis did the original building and would possibly be more familiar with the necessary alterations.

Upon motion duly made, seconded and carried, the Vice President was directed to request approval of the Department of Finance for employment of Frankel and Curtis as architects.

K. Contract between the University and Federal Civil Defense Administration.

Mr. Peterson submitted contract between the United States of America, acting through the Federal Civil Defense Administration, and the State of Kentucky, acting through the State Office of Civil Defense, whereby the University of Kentucky will conduct a training school at the University of Kentucky,

Lexington, Kentucky, offering a curriculum which has been agreed upon. Such course offering will not be less than thirty hours of student instruction within a period of five consecutive days. Such training courses may be offered two or more times a year for a period of three years. Course offerings will be through the College of Adult and Extension Education.

Upon motion duly made, seconded and carried, the contract was authorized executed by the President and attested by the Secretary.

L. Indonesian Survey.

President Dickey submitted a contract with I. C. A. for a survey in Indonesia. He stated that it would require a period of about fifteen days and at present it was contemplated that Dean Welch and some other individual from the campus would make a trip to Indonesia and make a survey as to what the University might do for the Indonesian Government in the field of agriculture. He stated that this was an attempt on the part of the University to cooperate with the Indonesian Government and the I. C. A. He also reported that the University now has a team in Indonesia under existing contract.

Upon motion duly made, seconded and carried, the contract was authorized executed on behalf of the University.

M. Adjustment in Fees for Extension Teaching and Writing of Courses.

President Dickey stated that he was in receipt of a communication from Dean Lyman V. Ginger recommending adjustment in rate of pay for teaching extension courses and for writing correspondence courses. He suggested that he read the communication in order to give the Board complete information.

August 28, 1956

Frank G. Dickey, Dean
College of Education
Campus

Dear Dr. Dickey:

In 1951 the rate of pay for teaching extension classes and for writing correspondence courses was revised. Since that time the amount has stayed the same even though there has been a gradual and rather consistent increase for the teaching staff of the University. I would like to recommend that the Board of Trustees approve an increase in rate of pay. I hope that it will be possible for this increase to be approved

since it is becoming more and more difficult to get teachers who are willing to instruct night classes, extension classes and write correspondence courses.

It should be pointed out that if the rate of pay increases and the tuition fees remain the same, it may be necessary for the University to increase the budget of the College of Adult and Extension Education by a small amount beginning next year. It would have been possible for this rate to have prevailed this year and we would still have been in the black for the year.

Cordially yours,

(Signed) Lyman V. Ginger
Dean

COLLEGE OF ADULT AND EXTENSION
EDUCATION

PRESENT RATE OF PAY FOR INSTRUCTORS OF NIGHT CLASSES,
EXTENSION CLASSES AND PREPARATION OF CORRESPONDENCE
LESSONS.

EXTENSION CLASSES

1. \$6.00 per contact hour. (\$18.00 a session - 3 hour course.)
 - A. 7¢ per mile travel allowance
 - B. Meals
 - C. Lodging - when necessary
 - D. A lump sum equivalent to 50¢ a mile for the distance from Lexington to the class location.

When the semester is 16 weeks in length the instructor receives $16 \times \$18.00 = \288.00 for 3 semester hour course plus the A-D listed expenses.

NIGHT CLASSES

Same as extension courses except A-D section does not apply.

CORRESPONDENCE COURSES

To write or revise a course of 3 semester hours, a minimum of \$45.00 to a maximum of \$75.00 depending upon the difficulty and the amount of work required. (This is from \$15.00 to \$25.00 per semester hour).

Grading papers - 50¢ per lesson.

PROPOSAL FOR REVISION

EXTENSION CLASSES

It is proposed that the rate of pay be increased from \$6.00 to \$7.50 per contact hour. (A contact hour is understood as a regular teaching period of 50 minutes.) This would mean an increase in pay from \$288.00 to \$360.00 for a 3 semester hour course, taught for 16 weeks. The other expenses A-D would remain the same.

The minimum length of time that a course would be offered is 15 weeks. The maximum is 18 weeks. The length of time the course is to be taught is to be determined by the College of Adult and Extension Education before the course begins. If the course includes laboratory, two (2) contact hours of lab work will be equivalent of one (1) contact hour of instruction for pay purposes.

For non-credit classes the pay will be \$7.50 per clock hour.

NIGHT CLASSES

The pay should be the same as for extension classes. A-D does not apply.

CORRESPONDENCE COURSES

To write or revise a correspondence course, a minimum of \$25.00 to a maximum of \$50.00 per semester hour. This rate will depend upon the difficulty of the course and the amount of work to be done.

Grading papers - 50¢ per lesson. This is the present rate of pay and is adequate.

President Dickey stated that he felt the increased rates were justified on the basis that salaries generally have been increased about 25% over the past few years during which time no adjustment has been made in the rate of pay for instructors of night courses, extension courses and correspondence work.

Upon motion duly made, seconded and carried, the recommendation was concurred in and the fees as outlined above were approved, effective September 1, 1956.

N. Report of Sanitary Sewer Connection Applicable to Medical Center.

Mr. Peterson reported that he had notified the City of Lexington through the City Manager, Herbert D. Fritz, that the new Medical Center would

be located east of Rose Street near the intersection of Rose and South Limestone. He also gave the City Manager information concerning what would comprise the Medical Center and called his attention to the need for sanitary and storm sewers at a point of entry near the intersection of Rose Street and South Limestone. He advised the City Manager that the University would need adequate service about January, 1959.

Mr. Peterson stated that he desired that members of the Board know that the City facilities for sanitary and storm sewers were inadequate to take care of the needs of the new Medical Center. He stated that he had every reason to feel that the City would take the necessary steps to take adequate care of our sanitary and storm sewer needs by January, 1959, but that presently no move had been made.

Upon motion duly made, seconded and carried, the information was received and Mr. Peterson was authorized to keep in contact with the city officials.

O. Report on Needs of Northern Center.

President Dickey stated that he had been in conference with Doctor Hankins, head of the Northern Center, and desired to submit a statement of the needs for adequate quarters at the Northern Center. The following statement was submitted:

The Immediate Need for Adequate Facilities for the Northern Center of the University of Kentucky and a Recommendation for a Proposed Site

The need for adequate quarters is an urgent problem of the Northern Center.

1. The Board of Education of the Covington Public Schools has given us notice that by July 1, 1958 our contract for present quarters will not be renewed.
2. Last semester we had 900 students in courses of all types.
3. The third-floor location and the use of rooms and equipment designed for grade-school children is a hardship on adults.
4. We have been forced to schedule classes through the evening "supper" hour in order to accommodate all the students. At least ten requests for new courses had to be denied because we had no additional classrooms.
5. There were 502 students enrolled who were over 21 years of age. There were 308 enrollees between the ages of 21 and 31. Fifty per cent of the students were married.

This survey shows that most students either live with their parents or have established their own homes. Most of the adults and nearly all of the married students attend the Center because they cannot leave

the local area to attend school at some other institution. If these persons are to be served this institution of higher learning in Northern Kentucky must be maintained and must be expanded.

6. Of our enrollment more than 200 students were registered in the College of Education. This shows a need for teacher training to accommodate the shortage of teachers in our local high schools. (Many teachers migrate to northern states for higher salaries as soon as they have experience in our local schools. With this big turnover, we must continually educate more adults to take their places.)

7. With a continuous expansion of our local high schools we can expect a continuous increase in our enrollment. We are already too crowded in our present quarters and cannot possibly accommodate any additional students.

To further attest to this need we find that a multi-million dollar school expansion program is now underway in Kenton, Campbell, and Boone Counties among the high schools and grade schools.

To be more specific, Covington is now building a new \$950,000 school; Newport is allotting more than \$500,000 for new schools; Dayton, Beechwood, Dixie Heights, Simon Kenton, Erlanger, Ludlow, and Fort Thomas are also participating in new building programs.

We are now getting a high percentage of our students from these schools, and as they increase in enrollment our enrollment will also increase. As their building programs increase it is mandatory that ours should keep pace with them.

If we are to obtain a new building, where is it to be located?

A check of 600 students in credit-bearing courses shows that 242 are from Covington proper; next is Erlanger, nearby with 43; Park Hills with 33; Ludlow and Ft. Mitchell with 27 and 25 enrolled, respectively. These are cities directly next to Covington.

The remaining students are scattered throughout the Kenton and Campbell County areas and adjoining counties.

We believe that Covington is the site for any future building. With that in mind we have explored every possible site and the only available location is to the right of the "Big Bend" in Covington on the Devou Estate.

We failed to find one suitable building or even a lot in downtown Covington, or in any place, with the exception of the Big Bend area.

This site is just a little over a mile from our present site. It is serviced by three bus lines and is located directly between the present Dixie Highway (U.S. 42 and 25) and the soon-to-be-built Florence to Covington expressway.

(see enclosed vicinity map)

It must be realized that this area is not like any other section of Kentucky, mainly because of the competition for real estate with nearby Cincinnati.

A multi-million-dollar highway and bridge program is now underway in the Cincinnati and Northern Kentucky area. As a result, hundreds of business houses were forced to move from the downtown section of Cincinnati. Most of them are attempting to buy lots or buildings in nearby Covington and Newport.

For this reason, the University could not possibly compete or bid against such firms.

Our only recourse is to attempt to acquire this Devou property by condemnation. It can never be used for (1) residential property (2) business, or (3) industry under the terms of the Devou will. It could be used for an institution of higher learning under condemnation proceedings.

The only alternative would be to try to buy property with no nearby utilities or bus lines from 10 to 20 miles south of Covington. With most of the students coming from downtown Covington or nearby, it would work a hardship on them and also on the faculty to attempt to move that far from the city.

The proposed location for the Center is more centrally located than the present site at Sixth and Scott Streets in downtown Covington.

The proposed site is actually nearer to some parts of Campbell and Kenton Counties than is the present downtown site.

This will be a precedent-setting condemnation proceeding inasmuch as the interested parties are all in agreement that the University of Kentucky should be given title to the land.

The Covington Park Board, which has direct control of the land, is in full accord with its going to the University.

The Park Board is unable to develop the land because of its location and it is a liability to them as it is divided from the main section of the Park by residential property and the Dixie Highway.

The Covington City Commission which supervises the work of the Park Board is also in agreement and would not oppose the University acquiring the land.

The Kenton County Fiscal Court, as well as nearly all of the civic, fraternal, social and other groups in this area, have endorsed a move to expand the Center. (See attached brochure).

In taking over the area from the Park Board we would be doing the board, the city, and the commonwealth a service in that the front portions of the site near the highway would be developed into a park-like area.

The University would be doing a double service in helping to develop a now blighted area. In putting the front portions into a lawn or landscaping it, the University would also be living up to the original purpose of the Devou Estate, to perpetuate the area as a park.

In regard to the cost of the land involved, if it were at all possible the Park Board and the City of Covington would prefer to make an outright donation of it. Under condemnation proceedings, of course that is impossible.

In order to arrive at some pre-condemnation cost of the land, three competent real estate men made an appraisal for us.

The appraisers were G. W. Ammerman, past president of the State Association of Real Estate Boards and presently a member of the Kentucky State Real Estate Commission; Austin Mann, president of the Covington-Kenton County Board of Realtors and member of the city Board of Trustees of Erlanger; and John Murdock, a director of the State Association of Real Estate Boards. See attached letter for their opinion.

August 29, 1956

Dr. Thomas L. Hankins, Director
Northern Center University of Kentucky
Covington, Kentucky

Dr. Hankins:

On your request we have visited and viewed the property on the Dixie Highway just west of the Big Bend and lying south of the Highway, approximating forty acres, for the purpose of placing a valuation thereon. A complete description of this plot may be found in Deed Book 140, page 158, inclusion of which we do not deem necessary at this time, in the cause of brevity.

MARKET VALUE as established by the courts is the highest price estimated in terms of money which a property will bring if exposed for sale in the open market, allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used. In analyzing the subject property certain legal aspects arise in as much as restrictions either imposed by law or running with the deed have a definite influence on the determination of value.

By way of simple illustration it is easy to understand that two adjoining similar properties may vary from forty to one thousand dollars in front foot value (or even a greater variance) by reason of zoning restrictions wherein one may be used for commercial purposes and the other for residential only. In the latter case we would have a limited use and value would be depressed for that reason.

We are informed by counsel, after examination of the records, that

the property under consideration falls in the category of that having a very limited use. In fact it may be used only for park purposes, and due to its topography, location and costs of development is not feasibly adapted for that purpose. In theory therefore its value must and only can be nominal. It is our agreed opinion that this property would have a market value of \$3200.00.

The undersigned certify that we are all appraisers in the area and that we have no present nor anticipated financial interest in the subject property and that the opinion rendered is given only following complete study of all pertinent factors.

Austin Mann, President
Covington, Kenton County Board
of Realtors

John Murdock, Director, Kentucky
State Association of Real Estate
Boards

G. W. Ammerman, Jr., Com-
missioner
Kentucky State Real Estate Com-
mission

Upon motion duly made, seconded and carried, the matter was referred to the Executive Committee to authorize condemnation proceedings if, in the judgment of University officials, Devoe Park area is suitable for building site for the Northern Center.

P. Hallam Estate Settlement.

Mr. Peterson reported that the administrator of the Alice S. Hallam estate desired to complete the settlement and desired instruction as to what to do with the following property:

1. Old Sideboard
2. Old Music Cabinet
3. Lot of Old Clothing

4. Cane-back Rocking Chair
5. Straight Chair (broken)
6. Dressing Table without Mirror
7. Wooden Washstand with Tile Inset
8. Very Large Double Bed (Foot, Head, Sides, Slats -- No Springs or Mattress)
9. Frame for Screen
10. Suitcase.

He also reported that the administrator had succeeded in getting a settlement out of the representatives of the Federal Internal Revenue Service. The amount was about \$500.00. Quite a bit of work was made necessary in consummating the settlement due to the fact that Mrs. Hallam had never filed an income tax return.

Mr. Peterson reported that the administrator had some funds on hand but that it would take approximately \$1,000.00 from the University to settle all accounts and pay attorney fees. The administrator could either receive cash from the University and the University be assigned title to all property or the administrator could sell property sufficient to receive funds necessary to complete settlement. Mr. Peterson recommended that the old property listed above be disposed of by giving same to the Salvation Army or the Good Will Society and that he be authorized to pay to the administrator as much as \$1,000.00 so that the settlement could be completed. Mr. Peterson advised that the University had sold some lots located in Erlanger for an amount in excess of \$23,000, and that there were a few other lots not yet disposed of.

Upon motion duly made, seconded and carried, the recommendation was concurred in, the administrator was authorized to dispose of the property herein listed, and the Treasurer was authorized to send a check to the administrator not to exceed \$1,000.00 to complete settlement.

Q. Budget of Bureau of Source Materials.

President Dickey submitted the following communication, dated August 10, 1956, from Dr. H. L. Donovan, President:

To the Executive Committee of the Board of Trustees of the University of Kentucky:

Before the budget for 1956-57 was adopted, Professor E. L. Gillis made the recommendation that his work of collecting source material and preparing it for the use of research students be hereafter done under the direction of the University Library, and in making the budget

it was arranged that way. However, after the budget had been approved by the Board of Trustees, this matter was reconsidered and after conferences with President-elect Dickey, Vice President Leo Chamberlain and Dr. Lawrence Thompson, Director of Libraries, it was agreed that this division should be independent of the Library and that the Director of it should report directly to the President. Because of this decision it is necessary to recommend certain changes in the Library budget and additional appropriations for the use and benefit of the division.

I recommend that the \$3600 appropriated for Miss Mary Hester Cooper's salary be transferred from the Library budget to the University and Educational Archives and in addition \$2700 from the unappropriated funds of the University be appropriated for a full time assistant and other current expenses during the year. I also recommend that Miss Cooper's salary be fixed at \$4000 per annum, effective September 1.

It is understood that the University and Educational Archives will continue to carry on the same activities as the Bureau of Source Materials has done in the past.

(Signed) H. L. Donovan
President

President Dickey recommended that the Board concur in the recommendation of Doctor Donovan.

Upon motion duly made, seconded and carried, the budget for 1956-57 for Bureau of Source Materials was approved. The amount of \$3600.00 approved for Miss Cooper's salary was ordered transferred from the Library budget to the University and Educational Archives and an additional sum of \$2,700.00 was appropriated from the unappropriated surplus of the University. The salary of Miss Cooper was fixed at \$4,000.00 per annum, effective September 1, 1956.

R. Report of Committee of Fifteen.

President Dickey stated that he was in receipt of a report of the Committee of Fifteen pertaining to appointments and promotions. He submitted the report. Members of the Board studied the report and, upon motion duly made, seconded and carried, referred same to the Executive Committee with the request that same be studied and a report made to the Board of Trustees at a later meeting.

S. Housing Unit for Pre-Med Students.

President Dickey submitted a communication from Dr. L. L. Martin,

Dean of Men, reporting that a group of doctors desired to make a house on Maxwell Street available for worthy and needy pre-medical students. He read the following communication:

August 30, 1956

President Frank G. Dickey
University of Kentucky
Campus

Dear President Dickey:

As set out in my letter to President Donovan on July 30, a group of local doctors has made available to the University a house at 112 Maxwell Street for use as a rent-free housing unit for worthy and needy pre-medical students. Vice President Frank Peterson, Dean M. M. White and I have gone into the many factors in the financing and management of this project and have concluded that it is desirable and practical to accept this offer.

The following conditions will be in effect if we accept this proposition:

1. The house shall be turned over to the University for management and maintenance but the title shall remain with the Medical Group.
2. The Medical Group shall provide \$1800.00 per annum to underwrite the financial support of the project.
3. The University shall furnish the house and provide supervision of its maintenance and operation.
4. The Good Samaritan Hospital will provide heating service to the house for an annual charge of \$200.00. The house is already connected to the Hospital heating system.
5. The University shall have sole authority in the final selection of students to reside in the house; however, the Medical Group shall have the prerogative of recommending candidates. Certainly the Group's recommendations shall have considerable weight in the final choices.
6. The house shall be operated on a budget to be set up as a regular account in the Office of Business Management and shall be subject to the control and audit of that Office.
7. The Medical Group shall have the privilege of selecting a name for the house.

8. Because of strong ethical considerations involved in the publicity relating to the medical profession, the Medical Group shall have the prerogative of working with our Department of Public Relations to insure appropriate publicity for the project.

Since several questions will arise pertinent to the financing of this project, the following points will provide clarification:

1. A housemother will be in residence to supervise the students and the cleaning of the house. Her salary will be paid from the Medical Group's contribution.
2. The University has sufficient furniture available so that no special appropriation for this purpose will be needed at this time.
3. Dean M. M. White and I have screened fifty potential candidates and we expect to have a group ready to occupy the house at registration time.
4. It is expected that the financial support given by the Medical Group will be adequate to meet the operational expenses.
5. The house is in excellent condition and will need only a general cleaning to be ready for occupancy. No major repairs or decorating will be needed.

In light of these several considerations and particularly in view of the fine spirit motivating the medical group, it is my strong recommendation that we present this offer to the University Board of Trustees for action. If such action is taken, it should include acceptance of the house and acceptance of the \$1800.00 per annum grant, of which \$600.00 has already been tendered the University. Also, it would be pertinent that the Medical Group's primary motivation to further medical education and service through this means be given appropriate recognition.

Thank you for your interest and support in this project.

Sincerely yours,

(Signed) L. L. Martin
Dean of Men

Upon motion duly made, seconded and carried, the house at 112 Maxwell Street for use as a rent-free housing unit for worthy and needy medical students was accepted under the terms and conditions stipulated.

T. Gifts.

From: Kentucky Artificial Breeding Association -- \$7,000.00.

President Dickey presented two checks, for \$3,000 and \$4,000 respectively, which had been presented by Mr. Robert Conner, Secretary and Treasurer of the Kentucky Artificial Breeding Association. He explained that the check for \$3,000 was a grant to be credited to Account #4300, Artificial Breeding Research Fund, and used for continued research in this project, and the check for \$4,000 was a new grant to be used for research in Dairy Cattle Breeding. He recommended that the checks be accepted.

Upon motion duly made, seconded and carried, the gift of two checks, \$3,000 and \$4,000, respectively, from the Kentucky Artificial Breeding Association, was ordered accepted, and the President was requested to thank the donors.

From: Mason County Farm Bureau -- \$175.00.

President Dickey reported receipt of check for \$175.00, made payable to the Kentucky Research Foundation by the Mason County Farm Bureau. He stated that this check covers a renewal of the Bureau's scholarship for the 1956-57 school year, and recommended that it be accepted.

Upon motion duly made, seconded and carried, check for \$175.00 from the Mason County Farm Bureau was ordered accepted, and President Dickey was requested to thank the Bureau for their gift.

From: R. J. Reynolds Tobacco Company -- \$5,000.00.

President Dickey reported gift made to the University in the amount of \$5,000 from the R. J. Reynolds Tobacco Company, to be used in work of the Experiment Station in leaf tobacco research. He explained that this is the second of three such annual payments and recommended that it be accepted.

Upon motion duly made, seconded and carried, the gift of \$5,000 by the R. J. Reynolds Tobacco Company was ordered accepted, and the President was requested to thank the donors.

From: Jefferson County Farm Bureau
and Jefferson County Farm Bureau
Women -- two checks for \$175.00
each.

President Dickey stated that he was in receipt of two checks for \$175.00 each, from the Jefferson County Farm Bureau and the Jefferson County Farm Bureau Women, to be used to provide a scholarship for a freshman from Jefferson County who is enrolling in the College of Agriculture or School of Home Economics. He recommended that the two gifts be accepted.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President, and asked that he write letters of appreciation to the donors.

From: Nitrogen Division, Allied Chemical
and Dye Corporation, New York
City -- \$2,000.00.

President Dickey presented check for \$2,000 which the Nitrogen Division, Allied Chemical and Dye Corporation had presented to the University to support the Experiment Station's Animal Husbandry project, "Optimum Levels of Trace Minerals Needed to Supplement Urea." He recommended that it be accepted.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the Nitrogen Division of the Allied Chemical and Dye Corporation.

From: Kentucky Association of Highway
Contractors -- \$500.00.

President Dickey presented check for \$500.00, made payable to the Kentucky Research Foundation, from the Kentucky Association of Highway Contractors, given in support of their scholarship program. He explained that this company has been supporting a scholarship for several years and recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the gift of \$500.00 was ordered accepted, and the President was requested to thank the Kentucky Association of Highway Contractors for their generosity.

From: Consolidation Coal Company (Ky.)
-- \$2,500.00.

President Dickey reported that Dean Terrell had transmitted to him a check for \$2,500.00, made payable to the University, and given to support this Company's scholarship program in the College of Engineering. He recommended that it be accepted.

Upon motion duly made, seconded and carried, the Board authorized the President to accept the gift and requested him to write a letter of appreciation to the Consolidation Coal Company (Ky.).

From: Western Electric Company --
\$275.00.

President Dickey presented check for \$275.00 from Western Electric Company, which the Company wished used to support a new scholarship for upperclassmen in electrical engineering, in the College of Engineering. He recommended that it be accepted.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the donors.

From: R. R. Dawson Bridge Company
-- \$500.00.

President Dickey presented check for \$500.00, made payable to the Kentucky Research Foundation from the R. R. Dawson Bridge Company, given in support of the Dawson Scholarship. He stated that this scholarship had been renewed a number of times; in fact, it was one of the first received when the College of Engineering began their scholarship program, and he recommended that it be accepted.

Upon motion duly made, seconded and carried, the gift of \$500.00 from the R. R. Dawson Bridge Company was ordered accepted, and the President was requested to thank the donors.

From: The Sears-Roebuck Foundation
-- two checks, amounting to
\$3,050.00.

President Dickey presented two checks from The Sears-Roebuck Foundation for scholarships for the year 1956-57. He stated that one check for \$2,250.00 is for scholarships in the College of Agriculture and one for \$800.00 is for scholarships in the School of Home Economics. He recommended that both checks be accepted.

Upon motion duly made, seconded and carried, two checks amounting to \$3,050.00, were ordered accepted and the President was requested to thank The Sears-Roebuck Foundation for the gift.

From: The Ford Foundation -- \$6,545.00.

The President reported that the University of Kentucky was in receipt of \$6,545.00 for a faculty research fellowship under the Foundation's program in Economic Development and Administration, and recommended that the grant be accepted and used in the manner prescribed by the Foundation.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the Foundation for such a generous gift.

From: Hebrew Culture Foundation, Inc.,
New York City -- \$2,500.00.

President Dickey stated to the Board that the Hebrew Culture Foundation, Inc., New York, had at the request of Dr. Jonah W. D. Skiles, head of the Department of Ancient Languages, approved a grant of \$2,500.00 towards the conduct of additional courses in Hebrew and cognate subjects during the spring semester of 1957. He explained that acceptance of this grant did not involve any commitment on the part of the University to continue offering such additional courses but that the Foundation had reacted favorably towards continuing the program, and he recommended that the grant be accepted.

Upon motion duly made, seconded and carried, the gift of \$2,500.00 was accepted and the President was requested to write a letter of appreciation to the Hebrew Culture Foundation, Inc.

From: Armour Creameries, Louisville,
Ky. -- \$200.00.

President Dickey presented check for \$200.00 from the Armour Creameries, Louisville, Ky., which they desired used for a scholarship in the field of dairy manufacturing. He recommended that it be accepted.

Upon motion duly made, seconded and carried, the Board authorized acceptance of the gift and requested President Dickey to thank the donors.

From: Hazelet & Erdal, Consulting
Engineers, Louisville, Ky. --
\$500.00.

President Dickey reported gift of \$500.00 from Hazelet & Erdal, Consulting Engineers, Louisville, Ky., given in support of upper-class scholarships in the College of Engineering. He recommended acceptance of the gift.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the firm of Hazelet & Erdal for the gift.

From: Ralph E. Mills Foundation --
\$1,000.00.

President Dickey read a letter from Dean D. V. Terrell, College of Engineering, reporting receipt of check for \$1,000.00 from the Ralph E. Mills Foundation, to be used in support of one scholarship in Engineering and one in Agriculture. He stated that these scholarships had been renewed for the past several years and recommended that they be accepted.

Upon motion duly made, seconded and carried, the gift was authorized accepted, and the President was requested to thank the donors.

From: Mr. Harry O. Wyse, Lexington,
Ky. -- \$500.00.

President Dickey presented check for \$500.00 from Mr. Harry O. Wyse, made payable to the Kentucky Research Foundation, which Mr. Wyse wished used in support of the Harry O. Wyse Scholarship. He expressed appreciation of Mr. Wyse's continued interest in the University's scholarship program and recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the gift of \$500.00 was ordered accepted and the Board requested the President to write a letter of appreciation to Mr. Wyse.

From: Kentucky Purebred Livestock
Association -- \$1,500.00.

President Dickey reported that he was in receipt of a check for \$1,500.00 from the Kentucky Purebred Livestock Association, given for use in cooperation with the Experiment Station's Extension Livestock Program. He recommended that the Board authorize acceptance of the gift.

Upon motion duly made, seconded and carried, the gift of \$1,500.00 was ordered accepted, and the President was requested to thank the Kentucky Purebred Livestock Association.

From: Bessire and Company Incorporation,
Louisville, Ky. -- \$200.00.

President Dickey stated that he was in receipt of a check from the Bessire and Company Incorporation, Louisville, Ky., in the amount of \$200.00, that the donors wished used for a scholarship in the College of Agriculture in the field of Dairy Technology. He recommended that it be accepted.

Upon motion duly made, seconded and carried, the gift of \$200.00 was ordered accepted, and the Board requested the President to thank the donors.

From: Manufactured Milk Improvement Association -- \$400.00.

President Dickey stated that the Manufactured Milk Improvement Association, through their representative, Professor J. O. Barkman, University of Kentucky, had presented to the University \$400.00 to provide two scholarships for worthy students in Dairy Manufacturing. He recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the gift of \$400.00 was authorized accepted, and the Board requested the President to thank Professor Barkman.

From: Edgar Kaufmann, New York City -- \$1,500.00.

President Dickey read a letter from Dr. Lawrence S. Thompson, Director of Libraries, reporting receipt of check for \$1,500.00 which Mr. Edgar Kaufmann, New York City, had given to the Victor Hammer Graphic Arts Collection. He reported that it be accepted.

Upon motion duly made, seconded and carried, the gift of Mr. Edgar Kaufmann in the amount of \$1,500.00 was ordered accepted, and the President was requested to write a letter of appreciation to Mr. Kaufmann.

From: American Potash Institute -- \$1,800.00.

President Dickey stated that the University was in receipt of \$1,800.00 from the American Potash Institute, as payment for the second year of their three-year contract. He expressed appreciation for the Institute's continued help and cooperation, and recommended that the check be accepted.

Upon motion duly made, seconded and carried, the grant of the American Potash Institute was ordered accepted and the Board requested the President to express their appreciation to the donors.

From: Feed Service Corporation, Crete, Nebraska -- \$1,975.00.

President Dickey stated that Dean Welch, College of Agriculture and Home Economics, had transmitted the Feed Service Corporation's check for \$1,975.00 as quarterly payment on their agreement for cooperation on the Experiment Station's research study "Role of Hydrogen Donors in Ruminant

Nutrition". He explained that this is one phase of the project "Rumen Physiology", and recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the gift of \$1,975.00 from the Feed Service Corporation was ordered accepted, and the President was requested to thank the Corporation.

From: Ralston Purina Company, St.
Louis, Missouri -- \$500.00.

The President presented check for \$500.00 from the Ralston Purina Company, to be used as a scholarship in 1956-57 for a senior in the College of Agriculture. He recommended that it be accepted.

Upon motion duly made, seconded and carried, the gift of \$500.00 from the Ralston Purina Company was ordered accepted, and the President was requested to thank the Company.

From: Marschall Dairy Laboratory, Inc.,
--\$200.00.

President Dickey reported receipt of \$200.00 from the Marschall Dairy Laboratory, Inc., to be used for a scholarship in the College of Agriculture, and stated that the scholarship would be presented to a student majoring in Dairy Technology. He recommended acceptance of the gift.

Upon motion duly made, seconded and carried, the Board authorized acceptance of the gift of the Marschall Dairy Laboratory, Inc., and requested President Dickey to thank the donors.

From: Kroger Company -- \$800.00.

President Dickey presented check from the Kroger Company for \$800.00 to cover the cost of four scholarships in agriculture at the University of Kentucky. He recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the check for \$800.00 from the Kroger Company was ordered accepted, and the President was requested to thank the Company.

From: Mr. & Robert C. Yeager -- \$500.00.

President Dickey reported that the Kentucky Research Foundation had received check for \$500.00 from Mr. Robert C. Yeager, to cover a renewal of the John H. Yeager, Jr., Scholarship for the 1957-58 school year. He recommended that the check be received.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank Mr. Yeager for his gift.

From: Ashland Oil and Refining Company,
Ashland, Ky. -- one share of stock
of the Ashland Oil and Refining
Company.

President Dickey reported that The Kentucky Research Foundation was in receipt of one share of Ashland Oil and Refining Company stock, to be placed to the credit of the Blazer Lecture Fund. He recommended that the gift be accepted.

Upon motion duly made, seconded and carried, the Board authorized acceptance of the one share of stock and requested the President to write a letter of appreciation to the Ashland Oil and Refining Company.

From: Kentucky LP-Gas Association,
Inc. --three gas-conversion units.

President Dickey stated that Dean Welch, of the College of Agriculture and Home Economics, had informed him that the Agricultural Engineering Department had received three gas-conversion units made available by the Kentucky LP-Gas Association, Inc. He stated that these units will be used for teaching work and explained that, with all major tractor companies offering factory-installed LP gas engines on tractors, they will be a splendid addition to the facilities of the Experiment Station. He recommended that the units be accepted.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the Kentucky LP-Gas Association, Inc.

From: Dr. J. William Hinton, New York
City--twenty-eight Civil War
prints.

President Dickey stated that he was gratified to report that the University had received from Dr. J. William Hinton, New York City, a personal friend of Dr. Daniel C. Elkin of the University's Board of Trustees, a set of twenty-eight Civil War prints that are very valuable. He stated that the insurance on the set when they were shipped to the University was in the amount of \$3,000.00, and that the prints are very beautiful and very rare. He recommended that they be accepted and put in some place where they may be protected and at the same time enjoyed by the public.

Upon motion duly made, seconded and carried, the Board expressed their appreciation of such a fine gift and requested the President to see that they are properly exhibited and available to the public. They requested the President to thank Dr. Hinton for his generosity.

From: Square D Company, Detroit, Michigan -- one chandelier.

President Dickey read the following letter to the Board:

SQUARE D COMPANY

August 10, 1956

Dr. Frank Dickey
President, University of Kentucky
Lexington, Kentucky

My dear Dr. Dickey:

We greatly enjoyed the opportunity of meeting you and partaking of the gracious Lexington hospitality during our recent visit to your City.

You will recall our conversation about the chandeliers which had been removed from the Kentucky State Capitol. After our "brunch" together, I had an opportunity to inspect these. I learned they are not only very attractive (see enclosed picture) but they were just 50 years old this year. They have been re-finished and rewired to put them in first rate condition. The chain length is 48".

As a very small token of appreciation for the wonderful reception we received in Lexington, Square D Company would like to present one of these chandeliers to the University for mounting in a suitable location. In this way, some of the original beauty of the State Capitol can be preserved and enjoyed by the students for at least another 50 years. Too often, much of our heritage is lost to future generations.

We would also be glad to furnish an engraved brass plate, with whatever inscription your history department might feel would be appropriate under the circumstances.

Won't you please let me know if this action would be agreeable to the University? The chandelier itself can be seen at the William Hepburn Company, 222 East Vine Street, Lexington.

Cordially yours,

(Signed) J. S. Vaughan

Upon motion duly made, seconded and carried, the Board authorized acceptance of the gift and requested the President to express to Mr. Vaughan their appreciation of the kind thought of his Company.

U. Bond Issue--Holmes Hall.

Mr. Peterson stated that at least ten days written notice to each member of the Board of the business to be transacted had been given, which included the consideration of the issuance, sale and delivery of Revenue Bonds to finance the construction of Holmes Hall.

Mr. Peterson submitted a resolution of the Board of Trustees of the University of Kentucky which had been prepared by legal counsel and approved by the Attorney General and Professor W. L. Matthews, Jr., of the College of Law. He stated that the resolution had been submitted to attorneys for the Federal Housing and Home Finance Agency, Atlanta, Georgia.

President Dickey stated that it would be necessary to issue Dormitory Revenue Bonds of 1956--Holmes Hall, to provide necessary funds with which to construct Holmes Hall.

Whereupon, R. P. Hobson introduced and caused to be read in full a proposed Resolution entitled "A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF 'DORMITORY REVENUE BONDS OF 1956, HOLMES HALL,' OF THE UNIVERSITY OF KENTUCKY TO PAY THE COSTS (NOT OTHERWISE PROVIDED) OF CONSTRUCTING AN ADDITIONAL DORMITORY UPON THE CAMPUS OF THE UNIVERSITY."

"A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF 'DORMITORY REVENUE BONDS OF 1956, HOLMES HALL,' OF THE UNIVERSITY OF KENTUCKY TO PAY THE COSTS (NOT OTHERWISE PROVIDED) OF CONSTRUCTING AN ADDITIONAL DORMITORY UPON THE CAMPUS OF THE UNIVERSITY."

WHEREAS, the University of Kentucky and its students are not now being provided with adequate buildings for educational purposes, and in order to provide the same it is necessary that there be constructed an additional dormitory upon a site which is hereinafter described and which is a part of the campus of the University, and

WHEREAS, preliminary plans and specifications for such construction have been prepared and submitted to the Board of Trustees, and

WHEREAS, under the provisions of Section 162.340 et seq. of the Kentucky Revised Statutes, the Board of Trustees of the University of Kentucky, as the governing body of said State Educational Institution, is authorized to issue Bonds as hereinafter provided for the purpose of financing all or a part of the cost of said additional dormitory and appurtenances, and

WHEREAS, it is necessary that the Board of Trustees provide at this time for the borrowing of not to exceed \$1,131,000.00 to provide for the estimated total costs thereof,

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY HEREBY RESOLVES AS FOLLOWS:

Section 1. It is hereby determined and declared that the proper accommodation of the students of the University of Kentucky for educational purposes requires that an additional dormitory be constructed upon the campus of the University at Lexington, Kentucky, the same to house approximately 298 female students and other necessary appurtenant facilities (collectively referred to herein as the "Project"). The plans and specifications of said project as prepared and submitted to this Board are hereby in all respects approved.

Section 2. In order to provide for the payment of the costs of the project there shall be and there are hereby ordered to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity and by and through its corporate name, and as a State Educational Institution and Agency, Dormitory Revenue Bonds of 1956, Holmes Hall, in the aggregate principal amount of \$1,131,000.00, dated June 1, 1956, of the denomination of \$1,000.00 each, to be numbered consecutively from 1 to 1131, both numbers inclusive, bearing interest to be evidenced by coupons attached to each Bond at a rate or rates which, when averaged to maturity on the Bonds covered by the bid, shall not result in an average interest rate on such Bonds in excess of Two and three-quarters per cent (2 3/4%) per annum (the exact rate or rates to be determined at the time of the receipt and consideration of bids for the purchasing of said Bonds, as hereinafter provided), payable on the first day of December, 1956, and semi-annually thereafter on the first days of June and December in each year. Said Bonds shall in all respects conform to and be issued in accordance with the provisions of the Trust Indenture referred to in Section 4 hereof. The Chairman and

Secretary of the Board of Trustees are hereby authorized and directed to execute said Bonds, and the Secretary is hereby authorized and directed to affix to each of said Bonds the corporate seal of the Board of Trustees. The interest coupons shall bear the facsimile signatures of said officers. After said Bonds have been sold by the Board of Trustees or by its Executive Committee, which is hereby authorized to act in that connection, at an advertised public competitive sale, and as soon as said Bonds have been received from the printer and executed by the Chairman and Secretary of the Board of Trustees, the same shall be delivered for authentication to the Trustee named in said Trust Indenture, accompanied by appropriate certifications as provided in said Trust Indenture, including a certification of the identity of the purchaser or purchasers of said Bonds and the terms upon which the same may be delivered to said purchaser or purchasers.

Section 3. The Secretary of this Board is hereby authorized and directed to execute an appropriate form of "Notice of Sale of Bonds" and cause the same to be published one time in The Courier-Journal, a daily newspaper published in Louisville, Kentucky, and of general circulation throughout the Commonwealth of Kentucky, and one time in The Bond Buyer, a financial newspaper published in New York, New York, of general circulation throughout the United States of America, soliciting sealed competitive proposals for the purchasing of said Bonds, the same to be received in the office of said Secretary on the campus of the University at Lexington, Kentucky, until some day and hour when the Board of Trustees or its Executive Committee will be in session. Publication in each of said newspapers shall be made not less than two weeks prior to the time stated in said "Notice of Sale of Bonds" for the opening and consideration of such purchase proposals. In said notice, purchasers shall be instructed that proposals may be for the purchasing of (a) the entire \$1,131,000.00 of authorized bonds; or (b) bonds maturing on June 1 in the years 1959 to 1971, inclusive; or (c) bonds maturing on June 1 in the years 1972 to 1986, inclusive; or (d) bonds maturing on June 1 in the years 1987 to 1996, inclusive; that the bidders may stipulate one or more interest coupon rates with respect to said Bonds, providing the average of such rates does not exceed Two and three-quarters per cent ($2\frac{3}{4}\%$) per annum, and only one coupon rate may be stipulated for Bonds maturing on the same date. If a bid carries two or more interest rates on a single block of Bonds, or on combined blocks of Bonds, an average interest rate shall be computed on the basis of the total interest costs at par for such single block, or combined blocks, covered by the bid at the offered rates; and if the average rate so obtained is not more than Two and three-quarters per cent ($2\frac{3}{4}\%$), the bid shall be considered to qualify. A minimum bid of par value (plus accrued interest from June 1, 1956, to the date of delivery and payment) shall be required. The right to reject bids shall expressly be reserved.

The Secretary is further authorized and directed to execute in multiple copies a statement giving a more complete and particular description of the Bonds, provisions for the security and payment thereof, disposition of Bond proceeds etc. than is possible within the limits of said published notice; and to furnish copies of such statement to all interested bidders upon request. Such statement may also contain a particular description of the terms and conditions upon which the Bonds are offered for sale, in order to bring about

uniformity in the proposals which may be submitted for the purchasing of said Bonds.

Section 4. Said Bonds shall be secured by a Trust Indenture between the Board of Trustees of the University of Kentucky, party of the first part, and Farmers Bank and Capital Trust Company, a combined bank and trust company having corporate trust powers, organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, and having its principal office and place of business in Frankfort, Franklin County, Kentucky, party of the second part. The Chairman and Secretary of the Board of Trustees are hereby authorized and directed to make, execute and deliver such Trust Indenture in substantially the form, text, terms and provisions hereinafter set out, and this Board of Trustees hereby approves, ratifies and confirms all of the covenants, provisions and stipulations as set out in such Trust Indenture, to-wit:

(Form of Indenture)

TRUST INDENTURE

This INDENTURE dated as of the first day of June, in the year Nineteen Hundred Fifty-six (1956), made by and between BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, a body corporate, as an Educational Institution and Agency of the Commonwealth of Kentucky (hereinafter called the "Board"), party of the first part, and FARMERS BANK AND CAPITAL TRUST COMPANY, a combined bank and trust company organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, having full powers to act as a corporate Trustee, and having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, as Trustee (hereinafter called the "Trustee"), party of the second part.

WITNESSETH:

THAT WHEREAS, pursuant to Section 164.160 of the Kentucky Revised Statutes now in full force and effect, the Board is a body corporate with all powers generally invested in corporations and as such is the governing body of the University of Kentucky, an Educational Institution and Agency of the Commonwealth of Kentucky, having full control of the management and operation of said University together with the property and funds thereof, and

WHEREAS, pursuant to the provisions of Section 162.340 et seq. of said Kentucky Revised Statutes, said Board as the governing body of said State Educational Institution and Agency, is authorized to erect buildings and appurtenances to be used in connection with said Institution for educational purposes, and

WHEREAS, the Board has determined that said University and its students are not at this time provided with adequate buildings and accommodations for educational purposes; and has determined that it is necessary to construct an additional dormitory building, designed to accommodate 298 female students with other necessary appurtenant facilities (collectively referred to herein as the "Project"), such building to be situated upon a site which is a part of the campus of said University in the City of Lexington, Fayette County, Kentucky, and which is hereinafter described and identified for the purpose of identifying the Project, and

WHEREAS, pursuant to Section 162.340 et seq. of the Kentucky Revised Statutes now in full force and effect, the Board is authorized to provide all or a part of the costs of said project through the issuance and sale of its revenue Bonds, payable solely from the income and revenues provided to the University through the operation of said Project, and

WHEREAS, the Board of Trustees of the University of Kentucky has duly adopted an appropriate form of Resolution authorizing the issuance of "University of Kentucky Dormitory Revenue Bonds of 1956, Holmes Hall," dated June 1, 1956, as hereinafter described, and has duly authorized the execution of this Trust Indenture in the form hereof for the purpose of securing the payment of said Bonds and the interest thereon and to provide for the proper and orderly administration of the revenues of said project and of the Bond proceeds, and

WHEREAS, the Bonds of said series and the coupons appertaining thereto and a Trustee's certificate with respect to all such Bonds and provisions for the registration of said Bonds as to principal only, are to be substantially in the following form with appropriate insertions, omissions and variations, as in this indenture provided or permitted:

(Form of Bond)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
DORMITORY REVENUE BOND OF 1956, HOLMES HALL

Number _____ \$1,000.00

The Board of Trustees of the University of Kentucky, a body corporate, as an Educational Institution and Agency of the Commonwealth of Kentucky, for value received, hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the bearer, or, if this Bond be registered, to the registered owner thereof, as hereinafter provided, the sum of \$1,000.00 on the first day of June, 19____, and to pay, solely from said special fund, interest thereon from the date hereof until payment of principal at the rate of _____ per centum (____%) per annum, such interest being payable on December 1, 1956, and semiannually thereafter on the first days of June and December in each year, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity date of this Bond to be paid only upon presentation and surrender of the annexed coupons as they severally mature, both principal and interest being payable in any coin or currency which, on the respective dates of payment of such principal and interest is legal tender for the payment of debts due the United States of America, at the principal office of Farmers Bank and Capital Trust Company in the City of Frankfort, Franklin County, Kentucky, or, at the option of the holder or registered owner, at the principal office of Chemical Corn Exchange Bank, in the Borough of Manhattan, City of New York, State of New York.

This Bond is one of a duly authorized series of Bonds in the aggregate principal amount of \$1,131,000.00, all of said Bonds being of the same form, tenor and effect (except for numbers, maturity dates and possible variation in

interest rates) issued for financing the costs, not otherwise provided, of an additional dormitory and necessary appurtenant facilities for educational purposes in connection with the University of Kentucky, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including, among others, Sections 162.350 to 162.380, inclusive, of the Kentucky Revised Statutes now in full force and effect.

All of said Bonds are issued under and pursuant to an indenture (said indenture, together with all indentures supplemental thereto as therein permitted, being herein called the "Indenture") of even date herewith executed by and between Board of Trustees of the University of Kentucky and Farmers Bank and Capital Trust Company, Frankfort, Franklin County, Kentucky, as Trustee (said Trustee and any successor Trustee under said indenture being herein called the "Trustee"), an executed counterpart of which is on file at the office of said Trustee in the City of Frankfort, Kentucky. Reference is hereby made to the indenture for the provisions, among others, with respect to the custody and the application of the proceeds of the Bonds, the collection and disposition of the revenues, the fund charged with and pledged to the payment of the interest on and the principal of said Bonds, the nature and extent of the security, the rights, duties and obligations of said Board of Trustees and of the Trustee and the rights of the holders of the Bonds, and, by the acceptance of this Bond the holder hereof assents to all of the provisions of said indenture. Under authority of the statutes pursuant to which this Bond is issued, this Bond shall have all the qualities and incidents of a negotiable instrument, and, subject to the provisions for registration endorsed hereon and contained in the indenture, nothing contained in this bond or in said indenture shall affect or impair the negotiability of this Bond.

The holder of this Bond shall have no right to enforce the provisions of the indenture or to institute action to enforce the covenants therein, or to take any action with respect to any default under the indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the indenture. The indenture provides for fixing, charging and collecting rentals and other charges for the use of said dormitory and appurtenant facilities, identified by a description of the site upon which the same will be constructed upon the campus of the University of Kentucky at Lexington, Kentucky, which rents and charges will be sufficient to pay the cost of maintenance, repair and operation thereof and the principal of and the interest on said Bonds as the same shall become due and to provide reserves for such purposes. The indenture provides for the creation of a special fund designated "1956 Dormitory Revenue Bond and Interest Sinking Fund Account, Holmes Hall," (herein called the "Sinking Fund"), and for the deposit to the credit of said Sinking Fund of a sufficient amount of the revenues of said dormitory and appurtenant facilities over and above the cost of such maintenance, repair, and operation, to pay the principal of and the interest on the Bonds as the same become due, and to provide a reserve for such purposes, which Sinking Fund is pledged to and charged with the payment of said principal and interest.

This Bond and the series of which it is one are payable only from a fixed amount of the gross income and revenues to be derived from the operation of said dormitory and appurtenances which will be set aside as a special fund and pledged for that purpose and identified as the "1956 Dormitory Revenue Bond and Interest Sinking Fund Account, Holmes Hall," and this Bond does not constitute any indebtedness of the University of Kentucky or of its Board of Trustees

or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

The right is hereby reserved to call and redeem the bonds numbered 153 to 1131, inclusive, of the series of which this Bond is part, prior to maturity, as a whole, or from time to time in part, in the inverse order of their numbering, said Bonds numbered 909 to 1131, inclusive, being so redeemable on any interest payment date upon terms of par plus accrued interest to the redemption date, and Bonds numbered 153 to 908, inclusive, being so redeemable on any interest payment date on or after December 1, 1966, upon terms of par plus accrued interest to the redemption date, plus a redemption premium of 3% of the principal amount thereof if called for redemption on or prior to June 1, 1971, 2 1/2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1976, 2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1981, 1 1/2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1986, and 1% of the principal amount thereof if called for redemption thereafter. Notice of any such intended redemption, identifying the Bonds to be redeemed, shall be on file at the office of the Trustee named in the aforementioned indenture (or at the office of any successor Trustee which may be designated as in said indenture provided) at least 30 days prior to the specified redemption date, and such notice shall be published at least once not less than 30 days prior to said redemption date in a daily newspaper of general circulation throughout the Commonwealth of Kentucky and in a financial publication published in the Borough of Manhattan, City and State of New York. Any Bonds called for redemption and for the payment of which funds are deposited with said Trustee (or successor Trustee) on the specified redemption date shall cease to bear interest on said redemption date and shall cease to be secured pursuant to the provisions of said indenture. Priority as to prior redemption shall extend to Bonds numbered 909 to 1131, inclusive, over bonds numbered 153 to 908, inclusive.

This Bond shall pass by delivery unless registered as to principal in the holder's name on the books of said Board of Trustees at the office of Farmers Bank and Capital Trust Company in the City of Frankfort, Kentucky, or at the office of its successor as Trustee under the Indenture, and such registration noted hereon, after which no valid transfer hereof can be made except at such office, until after registered transfer to bearer, but after such registered transfer to bearer, this Bond shall be again transferable by delivery, and may again from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the interest coupons which shall always remain payable to bearer and transferable by delivery merely. The Board of Trustees and the Trustee may deem and treat the bearer of this Bond, if not registered as to principal, and the bearer of any coupon hereto appertaining, whether or not this Bond be so registered, or if this Bond be registered as herein authorized, the person in whose name the same is registered, as the absolute owner for the purpose of receiving payment and for all other purposes.

A statutory mortgage lien, which is hereby recognized as valid and binding on said dormitory and appurtenant facilities, is created and granted to and in favor of the holder or holders of this Bond and the series of which it is a part, and in favor of the holder or holders of the coupons attached thereto, and said dormitory and appurtenant facilities shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond and the series of which it is a part.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit, under the indenture, until it shall have been authenticated by the execution by the Trustee of the certificate hereon endorsed.

It is hereby certified, recited and declared, that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and the amount of this Bond together with all other obligations of said Board of Trustees and of said University of Kentucky does not exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said dormitory and appurtenances will be continuously operated by said Board of Trustees, and that a sufficient portion of the gross income and revenues therefrom has been pledged to and will be set aside into a special account for the payment of the principal of and interest on this Bond and the series of which it is a part, as the same will respectively become due.

IN TESTIMONY WHEREOF, Board of Trustees of the University of Kentucky has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed, attested by its Secretary, and the coupons hereto attached to be executed with the facsimile signatures of the said Chairman and Secretary, which officers, by the execution of this Bond, do adopt said facsimile signatures to be their respective authorized and proper signatures, all being done as of the first day of June, 1956.

Chairman, Board of Trustees

(SEAL)

ATTEST:

Secretary, Board of Trustees

(Form of Coupon)

Number _____ \$ _____

* Unless the Bond to which this coupon is attached shall have been called for prior redemption.

On the first day of _____, 19____, Board of Trustees of the University of Kentucky will pay to bearer _____ Dollars (\$ _____) in any coin or currency which at said date of payment is legal tender for the payment of debts due the United States of

America, out of its "1956 Dormitory Revenue Bond and Interest Sinking Fund Account, Holmes Hall," at the principal office of Farmers Bank and Capital Trust Company in the City of Frankfort, Kentucky, or, at the option of the holder hereof, at the principal office of Chemical Corn Exchange Bank in the Borough of Manhattan, City of New York, State of New York, as provided in and for interest then due on its Dormitory Revenue Bond of 1956, Holmes Hall, dated June 1, 1956, Number _____.

Chairman, Board of Trustees

Secretary, Board of Trustees

(* This redemption legend to appear only on the coupons attached to bonds numbered 153 to 1131, inclusive, which coupons fall due on dates on which such bonds are subject to prior redemption.)

(Form of Authentication)
(Certificate)

This Bond is one of the Bonds described or provided for in the within mentioned indenture.

FARMERS BANK AND CAPITAL TRUST
COMPANY, Trustee

Authorized Officer

(Form for Registration to be
printed on the back of each
Bond)

Date of Registration	Name of Registered Holder	Signature of Officer of Indenture Trustee
:	:	:
:	:	:
:	:	:
:	:	:

AND WHEREAS, the Board has duly authorized the issuance of the Bonds and the execution and delivery of this Indenture and all other acts and things necessary to make the Bonds when duly executed on behalf of the Board and authenticated by the Trustee and issued, valid and binding legal obligations of the Board in accordance with their terms and to make this Indenture a valid and binding Indenture of Trust for the security of the Bonds, have been duly done and performed;

NOW, THEREFORE, this Indenture witnesseth:

That in consideration of the premises, of the acceptance by the Trustee of the Trust hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and also for and in consideration of the sum of One Dollar (\$1.00) to the Board in hand paid by the Trustee at or before the execution and delivery of this Indenture, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds and interest coupons are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the Bonds at any time issued and outstanding hereunder, and the interest thereon according to their tenor, purport, and effect, and in order to secure the performance and observance of all of the covenants, agreements, and conditions therein and herein contained, the Board has pledged and does hereby pledge to the Trustee, to the extent provided in this Indenture, the revenues of the project as security for the payment of the Bonds and the interest thereon, and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds and interest coupons issued and to be issued under this Indenture, without preference, priority, or distinction as to lien or otherwise, except as otherwise herein provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof or otherwise, as follows:

ARTICLE ONE

DEFINITION OF TERMS

Section 1.01. In each and every place in and throughout this Indenture wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed, are used, and are intended to have meanings and to be inclusive, as follows:

- (a) "University"--the University of Kentucky, situated in Lexington, Fayette County, Kentucky.
- (b) "Board"--the Board of Trustees of the University of Kentucky, as such, or acting through its Executive Committee, to the extent that the powers of said Board of Trustees may have been delegated to such Executive Committee as permitted by Section 164.190 of the Kentucky Revised Statutes.
- (c) "Trustee"--Farmers Bank and Capital Trust Company, a combined bank and trust company created under and existing by virtue of the laws of the Commonwealth of Kentucky, having proper trust powers, and having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, or any successor Trustee designated pursuant to the provisions of this Indenture.
- (d) "Paying Agents"--the Trustee or any successor Trustee as defined in the foregoing paragraph (c), and, at the option of the holders of the Bonds and coupons issued under the provisions hereof, the principal office of Chemical Corn Exchange Bank in the Borough of Manhattan, City of New York, State of New York.

- (e) "Bonds" -- Bonds issued pursuant to the provisions of this indenture.
- (f) "Sinking Fund" -- the "1956 Dormitory Revenue Bond and Interest Sinking Fund Account, Holmes Hall," of the University of Kentucky, as created in this indenture.
- (g) "Construction Fund" -- the special account or fund created in this indenture, into which provision is made for the deposit of the Bond proceeds (exclusive of accrued interest received from the purchaser or purchasers and exclusive of interest during construction) together with any other funds appropriated by the Board of Trustees of the University of Kentucky as a contribution to the costs of the Project, (as hereinafter defined).
- (h) "Project" -- the dormitory building including necessary appurtenant facilities for educational purposes, to be constructed through application of the proceeds of the construction fund, upon a portion of the campus of the University at Lexington, Kentucky, said portion or site being particularly described in Article THIRTEEN hereof.
- (i) "Chairman" -- the Chairman and each and every Vice Chairman and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Chairman of the Board.
- (j) "Secretary" -- the Secretary and each and every Assistant Secretary and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Secretary of the Board.
- (k) "Treasurer" -- the Treasurer and each and every Assistant Treasurer and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Treasurer of the Board.
- (l) "Counsel" -- any Counsel appointed by the Board and approved by the Trustee, including any Counsel in the employ of the Board or of the University and so appointed and approved.
- (m) "Engineer" -- any licensed architect or engineer appointed by the Board and approved by the Trustee, including any such architect or engineer in the employ of the Board or of the University and so appointed and approved.
- (n) "Accountant" -- any accountant appointed by the Board and approved by the Trustee, including any accountant in the employ of the Board or of the University and so appointed and approved.
- (o) "Certified copy of a Resolution" -- a resolution certified by the Secretary to have been duly passed and adopted by the Board or by the Executive Committee of the Board acting within the scope of the powers duly delegated to it by the Board, and certified by said secretary to have been adopted by the requisite majority of said Board or its Executive Committee at a meeting duly and properly called and convened.

Section 1.02. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

Section 1.03. The words "Bonds," "owner," "holder," and "person" shall include the plural as well as the singular number unless the context shall otherwise indicate. The term "bondholders" means and contemplates, unless the context otherwise indicates, the holders of the Bonds at the time issued and outstanding hereunder. Each of the words "person" and "corporation" shall include the other, unless the context shall otherwise indicate.

Section 1.04. Whenever in this Indenture it is provided that any facts or opinion be evidenced to the Trustee by means of a certificate, statement, opinion, or other document, it shall constitute compliance herewith if the various facts and/or opinions intended so to be evidenced to the Trustee be included in different certificates, statements, opinions, or other documents signed by the same person or different persons of the same qualifications.

ARTICLE TWO

EXECUTION, AUTHENTICATION, REGISTRATION

AND EXCHANGE OF BONDS

Section 2.01. Save as is herein provided in respect of mutilated, lost, destroyed or stolen Bonds and in respect of transfers and exchanges, Bonds may be issued hereunder to the aggregate principal amount of One Million One Hundred and Thirty-one Thousand Dollars (\$1,131,000.00) and no more. The Bonds shall be issued as coupon bonds in the denomination of One Thousand (\$1,000.00) each, registrable as to principal only and numbered as hereinafter provided. The principal of each Bond and the interest thereon shall be payable at the office of Farmers Bank and Capital Trust Company, in the City of Frankfort, Kentucky, or of its successors in trust under this Indenture, or, at the option of the holder, at the principal office of Chemical Corn Exchange Bank, in the City of New York and State of New York in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America. The Bonds and the interest coupons appertaining thereto shall be respectively substantially in the forms hereinbefore set forth, with such omissions, variations, and insertions as are required or permitted by the terms of this Indenture to evidence the terms thereof. This Indenture shall be a continuing lien to secure the full and final payment of the principal of and interest on all Bonds issued, authenticated and delivered pursuant to the terms hereof.

Section 2.02. This Indenture shall secure the payment of the principal of and interest on said Bonds of Board of Trustees of the University of Kentucky in the aggregate principal amount of One Million One Hundred and Thirty-one Thousand Dollars (\$1,131,000.00), the same to be designated "University of Kentucky Dormitory Revenue Bonds of 1956, Holmes Hall." The said Bonds shall be dated June 1, 1956, and numbered 1 to 1,131, inclusive, and shall bear interest at one or more interest coupon rates to be established upon the basis of competition among bidders when said Bonds are sold at an advertised public competitive sale, as hereinafter provided, but none of said interest coupon rates shall exceed Two and three-quarters per cent ($2\frac{3}{4}\%$) per annum. All such interest to the respective maturity dates of principal shall be evidenced by coupons attached to the Bonds, maturing on December 1, 1956, and on each June 1 and December 1 thereafter. The Bonds shall mature as to principal in accordance with the following schedule:

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1-17	\$ 17,000	June 1, 1959
18-35	18,000	June 1, 1960
36-53	18,000	June 1, 1961
54-72	19,000	June 1, 1962
73-91	19,000	June 1, 1963
92-111	20,000	June 1, 1964
112-131	20,000	June 1, 1965
132-152	21,000	June 1, 1966
153-173	21,000	June 1, 1967
174-195	22,000	June 1, 1968
196-218	23,000	June 1, 1969
219-241	23,000	June 1, 1970
242-265	24,000	June 1, 1971
266-290	25,000	June 1, 1972
291-315	25,000	June 1, 1973
316-341	26,000	June 1, 1974
342-368	27,000	June 1, 1975
369-395	27,000	June 1, 1976
396-423	28,000	June 1, 1977
424-452	29,000	June 1, 1978
453-482	30,000	June 1, 1979
483-512	30,000	June 1, 1980
513-543	31,000	June 1, 1981
544-575	32,000	June 1, 1982
576-608	33,000	June 1, 1983
609-642	34,000	June 1, 1984
643-677	35,000	June 1, 1985
678-713	36,000	June 1, 1986
714-750	37,000	June 1, 1987
751-788	38,000	June 1, 1988
789-827	39,000	June 1, 1989
828-867	40,000	June 1, 1990
868-908	41,000	June 1, 1991
909-951	43,000	June 1, 1992
952-995	44,000	June 1, 1993
996-1040	45,000	June 1, 1994
1041-1085	45,000	June 1, 1995
1086-1131	46,000	June 1, 1996

The right is hereby reserved to call and redeem the Bonds numbered 153 to 1,131, inclusive, prior to maturity, as a whole, or from time to time in part, in the inverse order of their numbering, said Bonds numbered 909 to 1,131, inclusive, being so redeemable on any interest payment date upon terms of par plus accrued interest to the redemption date, and Bonds numbered 153 to 908, inclusive, being so redeemable on any interest payment date on or after December 1, 1966, upon terms of par plus accrued interest to the redemption date, plus a redemption premium of 3% of the principal amount thereof if called for redemption on or prior to June 1, 1971, 2 1/2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1976, 2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1981, 1 1/2% of the principal amount thereof if called for redemption thereafter and on or prior to June 1, 1986, and 1% of the principal amount thereof if called for redemption thereafter. Such right of redemption shall be

at the option of the Board or through the application of (a) the proceeds of insurance as provided in Section 5.04 of this Indenture, or (b) the balance of moneys in the Construction Fund as provided in Section 7.06 of this Indenture. In each such case such redemption shall be upon the notice and in the manner and with the effect provided in Article Three of this Indenture, and upon payment of the principal amount of the Bond or Bonds to be redeemed and accrued interest thereon to the date fixed for redemption. If the Bonds are redeemed in part, they shall be redeemed in inverse numerical order. Priority as to prior redemption shall extend to Bonds numbered 909 to 1,131, inclusive, over Bonds numbered 153 to 908, inclusive.

Section 2.03. The Bonds shall be offered for sale by the Board, without the intervention of the Trustee, at such time or times as the Board or the Executive Committee may direct upon the basis of notices published by the Board or the Executive Committee in a newspaper of general circulation throughout the Commonwealth of Kentucky and in The Bond Buyer, a financial news medium published in New York, New York, of general circulation throughout the United States of America, and upon the basis of sealed competitive bids which shall be opened, considered, and acted upon by the Board or by its Executive Committee, as the Board or said Executive Committee may deem desirable. The Bonds shall at one time or from time to time be executed on behalf of the Board by its Chairman under its corporate seal, attested by its Secretary, and shall be delivered to the Trustee for authentication by it, and thereupon the Trustee shall, upon receipt by the Trustee of evidence satisfactory to the Trustee of the proper execution of this Indenture, authenticate and shall deliver the said Bonds in principal amount not exceeding One Million One Hundred and Thirty-one Thousand Dollars (\$1,131,000.00) upon the order of the Board, signed by its Chairman and designating the identifying numbers, maturities and interest coupon rates of the Bonds contemplated thereby; the name of the purchaser thereof and the amount of the purchase price. The Trustee shall make delivery to such purchaser or purchasers, but only upon payment of the stated purchase price, which shall immediately be deposited to the credit of the University in the various special funds or accounts, as hereinafter provided.

Only Bonds as shall bear thereon endorsed a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be secured by this Indenture or be entitled to any right or benefit hereunder. The authentication by the Trustee upon any Bond shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefit of the trusts hereby created. Without limiting the rights or privileges otherwise obtaining to the holders of Bonds issued hereunder, such holders are permitted to endorse thereon any text to show payment of taxes with respect to said Bonds, or to render the same in compliance with any law governing the sale of securities.

The Bonds must be in compliance with the following specifications:

- (a) The Bond forms used must not be purchasable in blank by printers or others, but must be purchased only in the form of completed Bonds. The name of the engraving company must appear on each Bond and coupon. The size of the Bonds and coupons must conform to standard practice and the paper used must be of sufficient weight and strength to prevent deterioration through ordinary handling.

(b) Face of Bond--

- (1) Border and Denominational Counter (including Figure) steel engraved, but the Denomination Figure may be printed on steel-engraved background.
- (2) Text from type composition.
- (3) Steel-engraved under-tint underlying all or part of the text.

(c) Back of Bond--

- (1) Borders, Denominational Counter and Denominational Figure lithographed, but the Denominational Figure may be printed on lithographed background.
- (2) Lithographed under-tint underlying the denomination.
- (3) Text from type composition.

(d) Face of coupon--

- (1) Text from type composition.
- (2) Lithographed under-tint.

(e) Back of coupon--

Lithographed, with or without coupon numbers or such other minimum specifications as may be required at the time of the issuance of the Bonds by the Housing and Home Finance Agency of the United States of America in connection with Bonds to be purchased under any Act of Congress.

Section 2.04. In case any person who shall have signed, sealed, or attested any Bond issuable under this Indenture as an officer of the Board of Trustees of the University shall have ceased to be such officer before the Bond so signed, sealed or attested shall have been actually authenticated and delivered by the Trustee, such Bond nevertheless may be authenticated and delivered and issued as though the person who signed, sealed or attested such Bond had not ceased to be such officer of the Board of Trustees of the University.

Any Bond issuable hereunder may be signed, sealed or attested in behalf of the Board by any person at the actual date of the execution or authentication of such Bond being the proper officer of the Board of Trustees of the University, although at the date of such Bond such person shall not have been such officer of such Board of Trustees.

The coupons to be attached to Bonds issued hereunder shall be signed by the facsimile signatures of the present Chairman and Secretary or of any future Chairman and Secretary of the Board, and the Board may adopt and use for that purpose the facsimile signatures of any persons who shall have been such Chairman and Secretary, notwithstanding the fact that they may have ceased to be such Chairman and Secretary at the time when such Bonds shall be actually authenticated and delivered.

Section 2.05. The Board shall keep at the office of the Trustee books for the registration and transfer of Bonds issued hereunder, which, at all reasonable times, shall be open for inspection by the holder of any Bond issued hereunder, and upon presentation for the purpose at such office, the Board will register or transfer or cause to be registered or transferred therein, as hereinafter provided, and under such reasonable regulations as it may prescribe, any Bonds issued under this Indenture and entitled to be so registered or transferred. The Trustee shall act as registrar in effecting all registrations on the books kept at its office.

All Bonds issued hereunder shall be negotiable and shall pass by delivery unless registered as to principal in the manner hereinafter provided. The holder of any Bond issued hereunder may have the ownership of the principal thereof registered on said books of the Board at the office of the Trustee and such registration shall be noted on the Bond. After such registration no transfer shall be valid unless made on the said books by the registered owner in person, or by his duly authorized attorney, and similarly noted on the Bond; but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and such Bond may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, but every such coupon shall continue to be transferable by delivery merely, and shall remain payable to bearer. Such registrations and discharges from registration shall be without expense to the holder of the Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the party requesting such registration or discharge from registration as a condition precedent to the exercise of such privilege.

The Board shall not be required to make transfers of Bonds as provided in this Section 2.05 during a period of ten (10) days next preceding any interest payment date.

Section 2.06. Before authenticating any Bonds the Trustee shall cut off, cancel and cremate all matured coupons thereon and the Trustee shall deliver to the Board a certificate of cremation thereof.

Section 2.07. Upon the receipt by the Board and the Trustee of evidence satisfactory to them of the loss, theft, destruction or mutilation of any outstanding Bond hereby secured, and of indemnity satisfactory to them, and upon surrender and cancellation of such Bond if mutilated, the Board may execute and the Trustee may authenticate and deliver, upon the lapse of such period of time as they may deem advisable, a new Bond of like tenor and maturity bearing the same or different serial numbers, to be issued in lieu of such lost, stolen, destroyed or mutilated Bond. Such new Bond may bear such endorsement as may be agreed upon by the Board and by the Trustee and which at the time is necessary to conform to the requirements of any stock exchange or of any governmental body having jurisdiction. The Board may require the payment of a sum not exceeding Two Dollars (\$2.00) for each new Bond issued under this Section 2.07, and of the expenses which may be incurred by the Board and the fees and expenses of the Trustee in the premises. The Trustee shall incur no liability for anything done by it under this Section.

Section 2.08. As to all Bonds registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof, for all purposes of this Indenture, and thereafter payment of or on account of the principal of such Bond shall be made only to or upon the order in writing of such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy

and discharge the liability upon such Bonds to the extent of the sum or sums so paid. The Board and the Trustee may deem and treat the bearer of any Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest on such Bond, whether such Bond shall be registered or not, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof, and for all other purposes whatsoever, and the Board and the Trustee shall not be affected by any notice to the contrary.

ARTICLE THREE

REDEMPTION OF BONDS

Section 3.01. In case the Board shall desire to exercise its right of redemption of all, or, as the case may be, any part of the Bonds numbered 153 to 1,131, both numbers inclusive, or in case any Bonds are to be redeemed otherwise than at the option of the Board, it shall file with the Trustee (at least 30 days in advance of the redemption date) a copy of a notice specifying the redemption date and the numbers of the Bonds to be redeemed, and shall publish in one daily newspaper printed in the English language and published in and of general circulation throughout the Commonwealth of Kentucky, and in a financial publication published in the Borough of Manhattan, City and State of New York, at least once not less than 30 days before the date fixed for redemption, a notice to the effect that the Board will redeem all the Bonds or a part thereof, as the case may be, on a date therein designated, specifying the maturity dates and in the case of partial redemption of the Bonds of any maturity, the distinctive numbers of the Bonds of such maturity to be redeemed, and in every case stating that on said redemption date there will become due and payable upon each Bond so to be redeemed, at the offices of the Paying Agents, the principal thereof, together with accrued interest to such date, and such premium thereon, if any, as may be stipulated, as hereinbefore set forth, and that from and after such redemption date interest thereon will cease to accrue. If any of the Bonds to be redeemed are registered as to principal, similar notice shall be sent by the Board through the mails, postage prepaid, at least thirty (30) days prior to such redemption date, to the persons respectively who shall appear by the transfer register of the Board to be the registered owners of such Bonds, at their addresses as the same shall appear, if at all, upon the transfer record of the Board at the office of the Trustee, but such mailing shall not be a condition precedent to such redemption, and failure so to mail any notice shall not affect the validity of the proceedings for the redemption of such Bonds. In case the Board shall have elected at its option to redeem less than all of the outstanding redeemable Bonds, the Bonds to be redeemed shall be taken in inverse numerical order. Priority as to prior redemption shall extend to Bonds numbered 909 to 1,131, inclusive, over Bonds numbered 153 to 908, inclusive.

If all of the Bonds to be redeemed are Bonds registered as to principal, notice of redemption need not be published, but may be sent by registered mail to the registered owners of the Bonds to be redeemed at their addresses appearing upon the registration books. Such notice shall be mailed by the Board not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption.

In case of redemption of Bonds through the application of the proceeds of insurance or the balance of moneys in the Construction Fund, such redemption shall be made upon publication and/or mailing of notice in the manner and with

the effect provided in this Article, except that such publication and/or mailing may, at the option of the Trustee, be made by and in the name of the Trustee.

On or before the redemption date specified in the notice above provided for, the Board shall, and it hereby covenants that it will, deposit with the Trustee an amount of cash sufficient to effect the redemption of the Bonds specified in such notice, or cause the Trustee to apply to such purpose moneys theretofore deposited with the Trustee under the provisions hereof and properly available for such purpose. All moneys deposited by the Board with the Trustee, or set apart by the Trustee, under the provisions of this Indenture, for the redemption of Bonds, shall be held in trust for account of the holders thereof and shall be paid to them respectively upon presentation and surrender of said Bonds accompanied by all interest coupons maturing after the date fixed for redemption thereof; provided, however, if any such Bonds shall be registered, the same shall be endorsed in blank for transfer if the Trustee shall so require.

From and after the date of redemption designated in such notice (such notice having been given as aforesaid and such deposit having been made or moneys set apart as aforesaid), no further interest shall accrue upon any of the Bonds so to be redeemed, and any coupons for interest pertaining to any such Bonds and maturing after such date shall be void, and all such Bonds, in so far as such deposit shall have been made or moneys set apart as aforesaid, and all such coupons shall cease to be entitled to the benefit of the lien of this Indenture, and the Board shall be under no further liability in respect thereof.

Section 3.02. All Bonds so redeemed shall forthwith be cancelled by the Trustee, which shall deliver such cancelled Bonds to the Board.

ARTICLE FOUR

DISPOSITION OF INCOME AND REVENUES OF THE PROJECT

Section 4.01. As soon as any portion of the Project becomes revenue-producing, all rentals, charges, income and revenue arising from the operation or ownership of the Project shall be deposited to the credit of a special fund to be known as the "Dormitory Revenue Fund of 1956, Holmes Hall," (hereinafter sometimes referred to as the "Revenue Fund"), which Revenue Fund is hereby created. Such Revenue Fund shall be held in the custody of the Treasurer of the Board, separate and apart from all other funds. Such Revenue Fund shall be maintained so long as any of the Bonds are outstanding as a trust fund in a bank which is a member of the Federal Deposit Insurance Corporation and shall be expended and used by the Treasurer only in the manner and order hereinafter specified.

Section 4.02. There is hereby created a separate account, or accounts, herein collectively called the "1956 Dormitory Revenue Bond and Interest Sinking Fund Account, Holmes Hall," (hereinafter sometimes referred to as the "Sinking Fund"). The said Sinking Fund shall be established, maintained, deposited and in the custody of the Trustee and maintained so long as any of the Bonds are outstanding. Such Sinking Fund shall be used by the Trustee to pay interest as it becomes due on Bonds and from time to time outstanding, and to pay and to retire the Bonds as they mature.

In connection with the establishment and maintenance of the Sinking Fund, the Board covenants and agrees as follows:

- (1) That initially or from time to time there will be deposited in the Sinking Fund the accrued interest, if any, received at the time or times of the sale or sales of the Bonds, together with such further sum from the Bond proceeds as will cause the total so deposited to equal all interest maturing until the Project becomes revenue-producing, as estimated by the architect.
- (2) That as soon as any portion of the Project becomes revenue-producing the Board shall transfer from the Revenue Fund and deposit to the credit of the Sinking Fund the amount of \$31,500 on or before each May 15 and November 15, until the funds and/or investments therein are sufficient to meet debt service requirements on the outstanding Bonds for the then current year, plus a debt service reserve of \$98,000, and, thereafter, on or before each May 15 and November 15, such sums as may be necessary to meet the then current year's debt service and maintain the accumulated debt service reserve of \$98,000 on the outstanding Bonds.

Section 4.03. Immediately prior to each December 1 and June 1, the Trustee (or any successor Trustee under the provisions of this Indenture) shall transfer from the Sinking Fund to the principal office of Chemical Corn Exchange Bank, City of New York, State of New York, in its capacity as the New York Paying Agent named herein, funds sufficient to enable said New York Paying Agent to pay maturing Bonds and interest coupons as are there presented by the persons entitled to receive payment therefor; or shall make such arrangements with said New York Paying Agent as to assure the prompt payment of maturing Bonds and coupons as are there presented. The Trustee shall make similar arrangements in the event of redemption of any Bonds pursuant to Article Three of this Indenture. All such arrangements shall include provisions for the payment to the New York Paying Agent of its reasonable fees and charges for its services in paying and cancelling Bonds and coupons, in order that the persons entitled to receive payment therefor may receive the full amount due and payable without deduction of any sum for the compensation of the New York Paying Agent.

Section 4.04. As soon as the required reserve is accumulated in the Sinking Fund the Board shall establish with the Trustee a separate account called the "Dormitory Maintenance and Equipment Reserve Fund of 1956, Holmes Hall," (hereinafter sometimes referred to as the "Maintenance Fund"), into which shall be deposited from the Revenue Fund on or before the close of each fiscal year the sum of \$8000 annually until the funds and/or investments in said Maintenance Fund shall aggregate \$80,000 and, thereafter, such sums, but not more than \$8000, annually, as may be required to maintain a balance of \$80,000 in the Maintenance Fund, which reserve may be drawn on and used by the Board for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the furniture or equipment not paid as part of the ordinary and normal expense of dormitory operation. However, in the event the funds in the Sinking Fund should be reduced below the amount required to meet the then current year's and the

next succeeding two years' debt service on the outstanding Bonds, funds on deposit in the Maintenance Fund shall be transferred to the Sinking Fund to the extent required to eliminate the deficiency in such Sinking Fund.

Section 4.05. Subject to the foregoing, moneys remaining in the Revenue Fund may be used for current expenses of the Project and for insuring the Project as provided in Article Five hereof (including use and occupancy insurance whenever required under the provisions of Section 5.04 hereof).

Section 4.06. If at the end of any fiscal year a balance shall remain in the Revenue Fund after the required sums have been deposited in the Sinking Fund and in the Maintenance Fund, all or any part of such balance may, by order of the Board, be transferred to and deposited in the Sinking Fund and applied to or held for the redemption of Bonds, or may be transferred to and deposited in the Maintenance Fund for application to the costs of any improvements, extensions or additions to the Project or may be used for current expenses of the Project so long as any Bonds are outstanding pursuant to the provisions of this Indenture. Moneys from time to time set aside into the Revenue Fund shall be applied solely as set forth in this Article Four and under no circumstances shall any moneys deposited in the Revenue Fund be used for the general purpose and functions of the University.

ARTICLE FIVE

PARTICULAR COVENANTS OF THE BOARD

Section 5.01. The Board covenants and agrees that it is the lawful owner of the property which is to be the site of the Project, as hereinafter described in Article Thirteen hereof, that said property is free from any and all liens and encumbrances prior to or on a parity with the lien of these presents, and that it will warrant and defend the title thereto against all claims and demands whatsoever.

Section 5.02. The Board covenants and agrees that it will not suffer or permit any default to occur under this Indenture, but will faithfully observe and perform all of the conditions covenants and requirements hereof obligatory upon it.

Section 5.03. The Board covenants and agrees that it will duly and punctually pay or cause to be paid the principal sum, and the interest accruing on said principal, on each and every one of the Bonds issued hereunder, at the dates and places, and in the manner provided in said Bonds and in the coupons thereunto appertaining, according to the terms thereof and of this Indenture; and that so long as any of the Bonds shall remain outstanding and unpaid, it will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any Bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise; that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the Board, then, anything in this Indenture contained to the contrary notwithstanding, such interest coupon or claim for interest so extended

shall not be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds issued hereunder and of such interest coupons and claims for interest as shall not have been so extended.

Section 5.04. The Board covenants and agrees that, so long as any of the Bonds are outstanding, it will, through the State Fire and Tornado Insurance Fund of the Commonwealth of Kentucky, keep the Project insured against loss or damage by fire, lightning, windstorm, and explosion in an amount at least equal to the aggregate principal amount of the Bonds from time to time outstanding hereunder in reputable insurance companies and by policies in form satisfactory to the Trustee, loss, if any, to be made payable to the Trustee as its interest may appear; that it will within a reasonable time after the execution hereof, and within four (4) months after the close of each calendar year thereafter, furnish to the Trustee a statement in writing signed by an officer of the Board setting forth the full insurable value of the Project and fully describing all insurance then in force, but the Trustee may, at its option, require the Board to deposit with it any or all such insurance policies, and shall require such deposit if any event of default occurs; that if the total amount received by the Trustee upon all policies shall, in the case of any one loss, be less than the sum of Five Thousand Dollars (\$5,000.00), the amount shall be paid forthwith to the Board by the Trustee, to be used by the Board to pay for replacements or repairs of or substitutes for the damaged or destroyed property, but the Trustee shall not be obliged to see to the application thereof; that in all other cases the proceeds of any and all insurance on any part of said property which may be received by the Trustee shall be held and applied by the Trustee as hereinafter in this Section provided.

Immediately upon occupancy of the Project and so long thereafter as the funds and investments of the Sinking Fund are inadequate, the Board will procure and maintain use and occupancy insurance on the Project in an amount sufficient to enable the Board to deposit in the Sinking Fund out of the proceeds of such insurance an amount equal to the sum that would normally have been available from the revenues of the damaged building for deposit in such Sinking Fund during the time the damage to building is non-revenue producing as a result of loss of use caused by hazards covered by the fire, lightning, windstorm and explosion insurance hereinbefore referred to.

All insurance moneys (except the proceeds of use and occupancy insurance, which shall be deposited in the Sinking Fund; and property insurance in amounts of less than Five Thousand Dollars (\$5,000.00) above provided to be paid over to the Board) received by the Trustee under the provisions of this Section shall be held by the Trustee as substituted security and the same shall be by the Trustee paid out from time to time upon written orders of the Board, signed by the Chairman and Secretary, and accompanied by an approving certificate of an architect or engineer, for the purpose of paying the reasonable cost of repairing or replacing part or all of the property damaged or destroyed; provided, however, that the Board shall have furnished, in addition to the proceeds of such insurance, such moneys as may be required to complete such repairs or replacements, and said insurance moneys shall be paid out by the Trustee only when the same shall be fully sufficient to complete such repairs or replacements, as shown by the said certificate of an architect or engineer. Every such order of the Board for the payment of insurance moneys shall state that the Board is not in default under any of the terms and provisions of this Indenture. The Trustee shall be fully protected in paying any such cash to or upon the order of the Board upon receipt of the showings above specified, but the Trustee shall have the right

but shall not be obliged, to require the Board to furnish such additional evidence in the premises as the Trustee may deem necessary in order to establish the right of the Board to the withdrawal of any such insurance moneys. In the event insurance proceeds shall remain after the completion of such repairs or replacements, then the Trustee shall deposit such moneys in the Sinking Fund provided for by Article Four hereof.

In the event that the property damaged or destroyed is non-revenue producing and the Board shall not elect, within six (6) months after the date of deposit of any such insurance moneys, and within such period notify the Trustee in writing of such election, to have such insurance moneys applied to the purpose above specified, then the Trustee shall apply such insurance moneys to the retirement of Bonds in the manner provided in Section 7.06 hereof, upon the first permissible redemption date.

Section 5.05. The Board covenants and agrees that it will at all times maintain, preserve, and keep the Project and every part thereof in good condition, repair and working order and will from time to time make all needful and proper repairs, replacements, additions, betterments and improvements so that the operations and business of and pertaining to the Project and every part thereof shall at all times be conducted properly and advantageously; and whenever any portion of the Project shall have been worn out or destroyed or shall have become obsolete, inefficient or otherwise unfit for use, the Board will procure and install substitutes of at least equal value, utility and efficiency so that the value and efficiency of the Project shall at all times be fully maintained; and the Board will set apart, use and apply for the foregoing purposes so much of the revenues of the Project as may be required.

Section 5.06. The Board covenants and agrees that if it shall fail to perform any of the covenants in Sections 5.03, 5.04 and 5.05 hereof, the Trustee, or any receiver appointed hereunder, as herein provided, may make advances to perform the same in its behalf; and it hereby agrees to pay all sums so advanced in its behalf, on demand, with interest at the rate of six per cent (6%) per annum after demand, and all sums so advanced with interest as aforesaid shall be secured hereby, having the benefit of the lien hereby created, in priority to the indebtedness evidenced by the Bonds and coupons issued hereunder; but no such advance shall be deemed to relieve the Board from any default hereunder.

Section 5.07. The Board covenants and agrees that if, in the opinion of counsel, it is necessary to do so, it will cause this Indenture and each supplemental indenture to be kept filed, recorded and indexed in such manner and in such places as may be required by law for the filing, recordation and indexing of a real estate mortgage, and as a chattel mortgage in order fully to preserve and protect the security of the holders of the Bonds and all rights of the Trustee.

Section 5.08. The Board covenants and agrees that it will furnish to the Trustee promptly, after the execution and delivery of this Indenture and of each supplemental indenture, an opinion of counsel (who may be of counsel for the Board) stating that in his opinion (a) this Indenture or such supplemental indenture has been filed, recorded and indexed, as set forth in Section 5.07 hereof, or (b) no such action is necessary to make such lien effective.

Section 5.09. The Board covenants and agrees that whenever necessary to avoid or fill a vacancy in the office of the Trustee the Board in the manner provided in Section 11.05 hereof will appoint a trustee so that there shall at all times be a trustee hereunder which shall at all times be a bank or trust company

having its principal office and place of business in the Commonwealth of Kentucky, if there be such a bank or trust company willing and able to accept the trust upon reasonable or customary terms, and which shall at all times be a corporation organized and doing business under the laws of the United States or of the Commonwealth of Kentucky, with a capital and surplus of at least One Million and no/ 100 Dollars (\$1,000,000.00), and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or State authority.

Section 5.10. The Board covenants and agrees that it will not go into voluntary bankruptcy or insolvency, or apply for or (subject to the provisions of Section 9.02 hereof) consent to the appointment of a receiver or trustee of itself or of its property or make any general assignment for the benefit of its creditors, or suffer any order adjudicating it to be bankrupt or insolvent or appointing a receiver of it or of its property.

Section 5.11. The Board covenants and agrees that it is duly authorized under the laws of Kentucky and under all other applicable provisions of law to create and issue the Bonds herein provided for, to execute and deliver this Indenture, and to pledge the income and revenues of the Project, as herein provided, that all corporate and/or other action on its part for the creation and issue of said Bonds and the execution of this Indenture has been duly and effectually taken, that said Bonds when issued and in the hands of the holders thereof are and will be valid and enforceable obligations of the Board, and that this Indenture is and always will be a valid Indenture of Trust, to secure the payment of said Bonds; and that the Board now has complete and lawful authority and privilege to maintain and operate the Project and that no permits, rights, franchises or privileges of the Board will be allowed to lapse or be forfeited so long as the same shall be necessary for the operations of the Board; provided, however, that the expiration by lapse of time of any right, franchise or privilege shall not constitute a violation of this covenant, but the Board hereby expressly covenants that it will exercise its best efforts and any and every proper means to procure extension or renewal of each and every right, franchise or privilege so expiring and necessary or desirable for the operation of the Project or for the operations of the Board.

Section 5.12. The Board covenants and agrees that it will not issue, or permit to be issued, any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and that it will faithfully observe and perform all conditions, covenants and requirements of this Indenture and of all indentures supplemental thereto.

Section 5.13. The Board will maintain an office or agency while any of the Bonds are outstanding at each place at which the principal of or interest on any of the Bonds shall be payable, where notices, presentations and demands to or upon the Board in respect of this Indenture or of such Bonds or coupons as may be payable at such places may be given or made, and will give the Trustee written notice of the location of and any change in the location of each such office or offices, agency or agencies. In case the Board shall at any time fail to designate and maintain any such office or offices, agency or agencies, the principal office of the Trustee shall be conclusively deemed to be the office or agency of the Board for all such purposes, and the Board hereby appoints

the Trustee its agent on its behalf to receive all such notices, presentations and demands.

The Board covenants and agrees to keep Books at the office of the Trustee for the transfer and registration of Bonds as hereinbefore provided. The Trustee shall be under no duty with respect to any presentation, demand or notice served upon it except such duty, if any, with respect thereto as may exist by reason of any other of the provisions of this Indenture.

Section 5.14. The Board covenants and agrees that it will do and perform all matters or things necessary or expedient to be done or performed by reason of any law of the United States of America, or of any State or States thereof, or of any competent authority, for the purpose of creating, performing and maintaining the trust hereby created for the security of the payment of the Bonds and the interest thereon, and to perform all of the obligations hereby imposed upon the Board.

Section 5.15. The Board covenants and agrees upon completion of the Project, to provide from sources other than the proceeds of the sale of the Bonds secured hereby and from sources other than the funds pledged hereunder and in a manner which will not jeopardize the security of the Bonds, the furnishings and equipment necessary to the full enjoyment of the use and occupancy of the Project.

Section 5.16. The Board covenants and agrees that it will establish and maintain so long as any Bonds are outstanding under this Indenture such parietal rules, rental rates and charges as may be necessary (1) to assure maximum occupancy of the Project, and (2) to pay the interest on and principal of the Bonds as they respectively mature and that it will set up and maintain reserves specifically required hereunder, and such further reserves as may be reasonable, with respect to the operation of the Project, for maintenance, depreciation, and other reserves customarily provided for in the accounting of business corporations for profit.

The Board further covenants and agrees that while any of the Bonds are outstanding hereunder, it will provide all replacements of furniture and movable equipment from funds other than the revenue derived from the operation of the Project.

Section 5.17. The Board covenants that there shall be no free use or occupancy of the Project so long as any of the Bonds hereunder are outstanding.

Section 5.18. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the bondholders and their agents and representatives. It further covenants that not later than 90 days after the close of each fiscal year it will furnish to the Trustee and any bondholder who shall request same, copies of annual reports prepared by either the University Treasurer or appropriate State official, reflecting in reasonable detail the financial condition and record of operation of the Project and the University. The Board covenants and agrees that it will furnish to the Trustee within 120 days after the end of each fiscal year, beginning with the fiscal year ending May 31, 1957, a detailed report prepared by and accompanied by the opinion of a Certified Public Accountant or a firm of independent Certified Public Accountants who shall be satisfactory

to the Trustee, containing a detailed report of the income and expenses of operation of the Project during said preceding fiscal year.

ARTICLE SIX

DEPOSITORIES OF MONEYS, SECURITY OF DEPOSITS

AND INVESTMENT OF FUNDS

Section 6.01. All moneys deposited with the Trustee or any other bank or banks under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment by any creditor. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

All moneys deposited with the Trustee or any other bank or banks hereunder shall be continuously secured, for the benefit of the Board and the holders of the Bonds, either (a) by lodging with a bank or trust company approved by the Treasurer of the Board as custodian, as collateral security, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) as to all or any part of such deposit, by lodging with the Treasurer of the Board the indemnifying bond or bonds of a surety company or companies qualified as surety for United States Government deposits and qualified to transact business in the Commonwealth of Kentucky in a penal sum not less than the amount of moneys so deposited or such part thereof, such bond or bonds to be approved in writing by the Treasurer of the Board, or (c) if the furnishing of security as provided in clause (a) of this Section is not permitted by applicable law, then in such manner as may be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for either of the Paying Agents to give security for the deposit of any moneys with it for the payment of the principal of or the interest on any Bonds issued hereunder.

Section 6.02. Moneys held for the credit of the Sinking Fund and the Maintenance Fund shall be invested by the Trustee, if so directed by resolution of the Board, in direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States Government. Obligations so purchased shall be deemed at all times to be a part of the Sinking Fund, and the interest accruing thereon and any profit realized from such investment shall be credited to the Sinking Fund. The Trustee shall sell at the best price obtainable any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment from the Sinking Fund. Neither the Trustee nor the Board shall be liable or responsible for any loss resulting from any such investment.

ARTICLE SEVEN

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 7.01. A fund is hereby created and designated "University of Kentucky 1956 Dormitory Construction Fund of 1956, Holmes Hall," (herein sometimes called the "Construction Fund"), to the credit of which there shall be deposited, as received, the proceeds of the Bonds, with the exception of accrued interest, if any, received from the purchaser or purchasers of the Bonds and a further sum equal to interest which will accrue on the Bonds during the construction period (as estimated by the engineer), which sums are required by Section 4.02 hereof to be deposited in the Sinking Fund. The moneys in the Construction Fund shall be held in trust and applied to the payment of the costs of the project in accordance with and subject to the provisions of this Article, and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Indenture and shall be held for the further security of such holders until paid out as herein provided.

Section 7.02. The Board covenants and agrees that prior to the awarding of any contract for the construction of the Project or any part thereof, it will deposit or cause to be deposited in the Construction Fund, from sources other than Bond proceeds and from sources and in a manner that will not jeopardize the security pledged to the payment of the principal of and the interest on the Bonds, such amount of its own funds as, together with the Bond proceeds, will assure payment of all costs of constructing the Project.

Section 7.03. For the purposes of this Article the cost of the Project shall include, without intending thereby to limit or restrict or extend any proper definition of such cost under any applicable laws or under this Indenture, the following:

- (a) obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project;
- (b) the interest accruing upon the Bonds prior to the commencement of and during the construction of the Project;
- (c) the fees and expenses of the depository or depositaries of the Construction Fund during construction, and premiums on insurance in connection with the Project during construction, unless such insurance during construction is carried by the respective contractors and builders pursuant to the terms of their respective construction contracts;
- (d) fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the construction of the Project or in connection with the issuance therefor;
- (e) expense of administration properly chargeable to the Project, legal expenses and fees, financing charges, advertising expenses,

cost of printing bonds, cost of audits and of issuing the Bonds and all other items of expense not elsewhere in this Section specified, incident to the construction of the Project and placing it in operation, specifically including the sum of Five Thousand One Hundred and Sixty-five Dollars (\$5,165.00) which is the agreed fixed fee of the Housing and Home Finance Agency of the United States Government in supervising and inspecting the work appertaining to the development of the Project and of auditing the books, records, and accounts pertaining to the Project as set forth in Section 5 of a certain Loan Agreement between the Board and the United States of America, dated as of June 1, 1956;

(f) any obligation or expense heretofore or hereafter incurred by the Board or by any other Agency of the Commonwealth of Kentucky for any of the foregoing purposes, including the repayment of any advances made by the United States of America, with interest thereon, as provided in and by the Loan Agreement identified in the foregoing subparagraph (e).

Section 7.04. Before any payment shall be made by any depositary from the Construction Fund, there shall be filed with such depositary a requisition for such payment signed by the President and Comptroller of the University of Kentucky, acting for that purpose as agents of the Board, stating each amount to be paid, the name of the person, firm or corporation to whom payment is due, and the purpose for which the obligation was incurred, and certifying:

(1) that obligations in the stated amounts have been incurred and are a proper charge against the Construction Fund and have not been paid;

(2) that, so far as they are aware, there has not been filed with or served upon the Board or any proper officer or agent or the University, notice of institution of any claim or legal proceeding challenging the legality of any proceedings theretofore had in connection with the authorization, issuance, sale and delivery of Bonds pursuant to this Indenture, or challenging the right or authority of the Board or University with respect to the application of moneys in the Construction Fund to the costs of constructing the Project, or claiming or asserting any lien or other legal right to perfect a lien upon the Project or any moneys in the Construction Fund, except such claims, actions, liens or asserted rights as have been released or will be released simultaneously with the payment of the obligations identified in such certificate;

(3) that in so far as any obligation mentioned in such requisition was incurred for work, materials, supplies or equipment in connection with the construction of the Project, such work was actually performed, or such materials, supplies or equipment was actually delivered or installed at the site of the Project for that purpose, or delivered for fabrication at a place approved by the President of the University and by the engineer or architect having supervision of the construction of the Project; and

(4) that the amount which will remain in the Construction Fund

after payment of the obligations mentioned in such requisition, plus an amount equal to the proceeds to be derived from the sale of any Bonds authorized under this Indenture, but not theretofore issued, will be sufficient to pay all costs of the Project.

Section 7.05. All requisitions received by any depositary of the Construction Fund as required in this Article shall be retained in the possession of said depositary, subject at all times to inspection by the Board, any officer or agent of the Board or of the University, any other officer or agent or agency of the Commonwealth of Kentucky, representatives or agents of the Housing and Home Finance Agency of the United States of America and any other interested person.

Section 7.06. When the Project shall have been completed and equipped and opened for use and occupancy, a certificate to that effect shall be signed by the President and Comptroller of the University and by the engineer or architect having supervision of construction of the Project so stating, accompanied by an opinion of legal counsel that an examination of the appropriate public records reveals no uncanceled liens or claims or liens of mechanics, laborers, contractors or materialmen with respect to the Project, and that, in the opinion of such legal counsel, the time within which such liens (whether legally permissible or not) can be filed, has expired. Any balance remaining in Construction Fund after the filing of such certificate and opinion with the Board and not necessary in the opinion of the Board to be reserved by it for the payment of any remaining part of the costs of the Project shall be deposited with the Trustee to the credit of the Sinking Fund, and, except for any portion of such balance remaining under \$1,000.00 shall be used by the Trustee for the redemption of Bonds then outstanding under this Indenture, and in accordance with the redemption provisions set forth in said Bonds and in this Indenture upon the earliest permissible redemption date. The Trustee may take such action to redeem outstanding Bonds as soon as redemption is legally permissible after the transferring of moneys from the Construction Fund to the Sinking Fund, and without specific authorization on the part of the Board; but the Trustee shall in any event report its actions in this connection promptly to the Board and to the President of the University.

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

Section 8.01. The Board and the Trustee, from time to time and at any time, subject to the restrictions in this Indenture contained, may, and when so required by this Indenture shall, enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

- (1) To add to the covenants or agreements of the Board for the protection of the bondholders and of the trust estate other and additional covenants and/or agreements;

- (2) To evidence the succession of another corporation to the Board or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Board in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained; and
- (3) For any other purpose not inconsistent with the terms of this Indenture, and which shall not impair the security of the same, or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any supplemental indenture.

Section 8.02. The Trustee is authorized to join with the Board in the execution of any supplemental indenture, to make the further agreements and stipulations which may be therein contained.

Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.03. Any and every such supplemental indenture entered into as required or permitted by the provisions of this Article, may be simultaneously executed in any number of counterparts, and all such counterparts executed and delivered each as an original shall constitute but one and the same instrument.

ARTICLE NINE

REMEDIES

Section 9.01. No coupon which in any way before, at, or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains shall, unless accompanied by such Bonds, be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds and of all coupons not so transferred or pledged. In case the time for the payment of any coupon shall be extended, whether or not such extension be by or with the consent of the Board, such coupon shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds then outstanding and of all coupons the time for the payment of which shall not have been extended.

Section 9.02. Each of the following events is hereby declared an "event of default", that is to say: If

(a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable or within thirty (30) days thereafter; or

(c) the Board shall discontinue or unreasonably delay or fail to carry on with reasonable dispatch the construction of the Project; or

(d) the Board shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(e) the Project shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or to lack of funds therefor or for any other reason; or

(f) an order or decree shall be entered, with the consent or acquiescence of the Board, appointing a receiver or receivers of the Project or of the income therefrom, or if such order or decree, having been entered without the acquiescence or consent of the Board, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; or

(g) the Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Board to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding.

Section 9.03. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then outstanding shall, by a notice in writing to the Board, declare the principal of all the Bonds then outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, moneys shall have accumulated in the Sinking Fund sufficient to pay all arrears of interest, if any,

upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then outstanding shall, by written notice to the Board, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

If the principal of the Bonds shall be declared due and payable as hereinabove provided, the Board covenants and agrees to pay the principal of such Bonds and the interest thereon (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the bonds by this Indenture) to the Trustee as trustee of an express trust for the bondholders.

Section 9.04. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding hereunder shall proceed, subject to the provisions of Section 9.08 of this Indenture, to protect and enforce its rights and the rights of the bondholders under the laws of the Commonwealth of Kentucky or under this Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Board for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds and unpaid with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce judgment or decree against the Board, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the bonds by this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 9.05. If at any time the moneys in the Sinking Fund shall not be sufficient to pay the principal or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 9.03 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purposes,

whether through the exercise of the remedies in this Article provided for or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and third: to the payment of the interest on and the principal of the Bonds and to the redemption of Bonds, all in accordance with the provisions of Article NINE of this Indenture.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.03 of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 9.01 of this Article.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the banks or trust companies at which the Bonds shall be payable, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Board, to any bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond shall be surrendered to the Trustee for appropriate endorsement.

Section 9.06. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Board, the Trustee, and the bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 9.07. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding hereunder shall have the right, subject to the provisions of Section 9.08 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to bondholders not parties to such direction.

Section 9.08. No holder of less than all of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, nor unless the holders of not less than ten per centum (10%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, nor unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a

reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no holder of less than all the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds and coupons.

Section 9.09. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee or by the holder of the Bonds, may be enforced by the Trustee or by such holder without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto. Any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds and coupons, subject to the provisions of this Indenture.

Section 9.10. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.11. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the holder of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 9.12. The Trustee shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default set forth in clause (a) or in clause (b) of Section 9.02 of this Article within thirty (30) days after any such event of default shall have occurred. In any year ending June 1 the total amount of deposits to the credit of the Sinking Fund shall be less than the amounts required so to be deposited under the provisions of Article FOUR of this Indenture, the Trustee, on or before the first day of July following the end of such year, shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any

liability to any bondholder by reason of its failure to mail any notice required by this Section.

ARTICLE TEN

RELEASE AND DISCHARGE OF INDENTURE

Section 10.01. Whenever the Board shall pay, or cause to be paid, the principal and interest due and to become due upon all the Bonds hereby secured and then outstanding, or shall provide for full payment thereof by depositing with the Trustee hereunder, for the discharge of such Bonds and coupons, the entire amount due and to become due thereon for principal and interest, and shall, in case of redemption of all of the outstanding Bonds, deliver to the Trustee proof satisfactory to it that notice of redemption of all of the outstanding Bonds has been duly given, or a written instrument executed by the Board under its corporate seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Board, together with the moneys necessary to pay the cost of giving such notice, and shall pay the Trustee in full for all services rendered by it hereunder, and all lawful claims accruing to it by virtue of this instrument, and shall well and truly keep and perform all of the things herein required to be kept and performed by it, according to the true intent and meaning of this Indenture, then and in that event these presents and the trust hereby created shall cease and terminate, and future payments from the revenues hereby pledged to the Trustee shall thereupon cease, terminate and become void, except as to the moneys deposited for payment of principal and interest due or to become due on said Bonds and coupons which shall be held by the Trustee and shall be applied by said Trustees to the payment of such Bonds and coupons upon the presentation and surrender thereof. Any deposit of money with the Trustee for the purpose of paying and sufficient in amount to pay certain of the Bonds and interest due and to become due thereon, or certain of the coupons appertaining thereto, shall discharge the liability of the Board on the Bonds and/or coupons for payment of which such deposit shall be made, and thereafter such Bonds and coupons shall not be entitled to any of the benefits of this Indenture, and in case of full payment of all the Bonds and coupons and the discharge of all other obligations on the part of the Board as herein provided, or in case of the deposit of a sufficient sum of money for the full payment of the Bonds and coupons, and the discharge of all other obligations on the part of the Board, as herein provided, the Trustee, in either case, if the Trustee first shall have received:

- (1) A certificate of the Chairman and the Treasurer of the Board stating that the conditions precedent to the release and discharge of this Indenture have been complied with, and
- (2) An opinion of counsel (who may be of counsel for the Board) stating that in his opinion the conditions precedent to the release and discharge of this Indenture have been complied with,

shall execute and deliver to the Board on demand, at the cost and expense of the Board, all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.02. Whenever the Board shall present to the Trustee for cancellation all Bonds (with all coupons thereunto appertaining), which have been authenticated by the Trustee and delivered to or upon the direction of the Board, and have not previously been paid or redeemed, or otherwise retired and cancelled, and shall request the Trustee upon cancellation of such Bonds and coupons to acknowledge satisfaction and termination of this Indenture, and shall pay the Trustee in full for all services rendered by it hereunder and all lawful claims accruing to it by virtue of this instrument, then and in that event the Trustee, if the Trustee first shall have received the certificate and the opinion mentioned, respectively, in paragraphs (1) and (2) of Section 10.01 of this Article, shall execute and deliver to the Board all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.03. The satisfaction and discharge of this Indenture pursuant to Section 10.01 and 10.02 of this Article shall be without prejudice to the right of the Trustee to be paid any compensation then due it hereunder and to be protected and saved harmless by the Board from any and all losses, liabilities, costs and expenses, including counsel fees, at any time incurred by the Trustee hereunder or connected with any Bond issued hereunder, and the Board hereby covenants to protect and save the Trustee harmless from any and all such losses, liabilities, costs and expenses incurred in acting under this Indenture, except such as may be caused by the gross negligence or willful default of the Trustee.

ARTICLE ELEVEN CONCERNING THE TRUSTEE

Section 11.01. The Trustee hereby accepts the trust imposed upon it by this Indenture, but only upon and subject to the following express terms and conditions:

- (a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof and the Board covenants and agrees to repay upon demand all such outlays and expenditures so incurred.
- (b) The Trustee shall not be responsible for any recitals herein or in said Bonds, or for insuring the project or collecting any insurance moneys, or for the execution of this Indenture or of any supplemental indenture or instrument of further assurance or for the validity thereof or for the affixing or cancellation of any revenue stamps, or for the sufficiency of the security for the Bonds issued under or intended to be secured hereby, or for the value or title of the Board to any of the project, or for the payment of or for keeping down

taxes, charges, assessments or liens upon the same, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Board contained herein; but the Trustee may require of the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the project.

- (c) All moneys received by the Trustee under any provision of this Indenture shall, until used or applied as provided in this Indenture, be held in trust for the purpose for which such moneys were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall not be obligated to pay interest on such moneys, save such as it shall agree to pay thereon. Holders of Bonds and/or coupons shall not be entitled to interest on funds deposited for payment of such Bonds and/or coupons. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.
- (d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond secured hereby, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.
- (e) The Trustee shall not be compelled to do any act hereunder, or to take any action toward the execution or enforcement of the trusts hereby created or to prosecute or to defend any suit in respect hereof, unless indemnified to its satisfaction against loss, cost, liability and expense.
- (f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Board signed by the Chairman and attested by the Secretary as sufficient evidence of the facts therein contained, and shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, in its discretion, at the reasonable expense of the Board, in every case secure such further evidence as it may think necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Board, under its corporate seal, to the effect that a resolution in the form therein set forth has

been adopted by the Board, or its Executive Committee, as conclusive evidence that said resolution has been duly adopted, and is in full force and effect. The Trustee may in relation to this Indenture act upon the opinion or advice of any attorney, valuator, surveyor, engineer, accountant, or other expert, whether retained or selected by the Trustee, the Board, or otherwise, and shall not be responsible for any loss resulting from any action or non-action in accordance with any such opinion or advice.

- (g) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be within the discretion or power conferred upon it by this Indenture or be responsible for the consequences of any oversight or error of judgment, and the Trustee shall be answerable only for its own acts, receipts, neglects and defaults, and not for those of any person employed and selected with reasonable care, nor for any loss unless the same shall happen through willful neglect or gross negligence.
- (h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the holders of at least five per cent (5%) in principal amount of the Bonds hereby secured and then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the office of such Trustee.
- (i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, architects, accountants and representatives, shall have the right fully to inspect any and all of the project, including all books, papers and contracts of the Board and University, and to take such memoranda from and in regard thereto as may be desired.
- (j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.
- (k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or securities, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, and by the Trustee deemed desirable for the purpose of establishing the right of the Board to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee. The Trustee shall not be required, except as otherwise herein provided, to authenticate any Bonds, permit the withdrawal of any cash, or take any other action if at the time there exists to its knowledge any default in respect of any of the covenants, agreements or provisions of this Indenture.

Section 11.02. The Trustee shall have a first lien hereunder upon the pledged funds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense of defending against any liability in the premises of any character whatsoever, and the Board hereby covenants and agrees to pay unto the Trustee reasonable compensation for its services in the premises as well as all advances, counsel fees and other expenses reasonably made or incurred in and about the execution of the trusts hereby created. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of a trustee of an express trust.

Section 11.03 The Trustee may at any time resign and be discharged of the trusts hereby created by mailing written notice to the Board or to the President of the University and to each registered owner of Bonds specifying the day upon which such resignation shall take effect, and thereafter, unless all outstanding Bonds are registered as to principal, causing notice thereof to be published (a) in a daily newspaper of general circulation at the time published in the City of Louisville, Kentucky, and (b) in a financial newspaper published in New York, New York, once a week for three (3) consecutive weeks prior to the date upon which such resignation shall take effect; and such resignation shall take effect upon the day specified in such notice unless previously a successor Trustee shall have been appointed by the bondholders or the Board in the manner hereinafter provided in Section 11.05 of this Article and in such event such resignation shall take effect immediately on the appointment of such successor Trustee.

Section 11.04. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Trustee and to the Board, and signed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding.

Section 11.05. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of any such event the Board by an instrument executed by order of its Board of Trustees, and signed by the Chairman, and attested by the Secretary, under its corporate seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the bondholders in the manner above provided; and any such temporary Trustee so appointed by the Board shall immediately and without further act be superseded by the Trustee so appointed by such bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank of the character specified in Section 5.09 hereof.

Section 11.06. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on

the written request of the Board or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it to its successor. Should any deed, conveyance or instrument in writing from the Board be required by any successor for more fully and certainly vesting in such Trustee the estates, rights, powers and duties hereby vested or intended to be vested, in the predecessor Trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

ARTICLE TWELVE

MISCELLANEOUS PROVISIONS

Section 12.01 In case the principal of any of the Bonds shall not be punctually paid when due at maturity, whether by declaration or lapse of time, and/or in case any installment of interest thereon shall not be punctually paid when due, then upon deposit with or receipt by the Trustee of moneys sufficient to pay such overdue principal and/or installments of interest (together with moneys sufficient to pay interest due and to become due thereon up to the date when interest upon such overdue principal and/or installment or installments of interest shall cease as herein provided), interest on such overdue principal and/or installment or installments of interest thereon shall cease to accrue one week after the mailing of notice, stating that said moneys have been so deposited or received, to each registered owner of Bonds, or if all of the outstanding Bonds are not registered as to principal, then one week after the date of publication by the Board of such notice in a daily newspaper of general circulation published in the City of Louisville, Kentucky, and in a financial publication published in the Borough of Manhattan, City and State of New York. A copy of such notice shall be delivered by the Board to the Trustee prior to the mailing or publication thereof and the Trustee shall mail a copy of such notice to registered owners of Bonds, but notwithstanding failure so to mail such notice, in case of the publication thereof, interest shall nevertheless cease to accrue as above provided.

Section 12.02 (a) In the event that any Bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof, the Board having deposited with the Trustee in trust for the purpose, or left with it if previously so deposited, funds sufficient to pay the principal of such Bond together with all interest due thereon to the date of the maturity of such Bond or to the date fixed for the redemption thereof, or to pay such coupon, as the case may be, for the use and benefit of the holder thereof, then and in every such case, interest on said Bond or on said unpaid coupon, and all liability of the Board to the holder of said Bond for the payment of the principal thereof and interest thereon or to the holder of said unpaid coupon for the payment thereof and interest thereon, as the case may be, shall forthwith cease, determine and be completely discharged; and thereupon it shall be the duty of the Trustee to hold the funds, so deposited in trust, for the benefit of the holder of such Bond or unpaid coupon, as the case may be, who shall thereafter, as long as the funds deposited or left on deposit for the payment thereof shall remain on deposit with the Trustee, be restricted exclusively to said funds for any claim

of whatsoever nature on the part of such holder under this Indenture or on said Bond or any coupons appertaining thereto, or on said unpaid coupon.

(b) In case the holder of any Bond or coupon shall not within six (6) years after such Bond or coupon, as the case may be, shall have become due and payable, and funds for the payment thereof shall have been deposited with the Trustee, claim the amount deposited pursuant to subsection (a) of this Section for the payment thereof, or in case the holder of any Bond or coupon shall not, within six (6) years after the deposit or receipt of moneys under Section 12.01 of this Article, claim the amount so deposited, the Trustee shall upon demand pay over to the Board such amount so deposited if the Board is not at the time in default hereunder to the knowledge of the Trustee. The Trustee shall be free from any and all liability or responsibility for money so paid over by the Trustee, and the Board shall be liable to the holder of such Bond or coupon only to the extent of the funds so returned to it.

Section 12.03. Except as in this Section otherwise expressly provided, the holders of seventy-five per cent (75%) or more in principal amount of the Bonds at any time outstanding shall have the power, by an instrument or instruments in writing signed by such holders in person or by their duly authorized agents or attorneys or by a committee constituted by an agreement to which any portion of the Bonds shall have been made subject by deposit or otherwise, and delivered to the Trustee, to authorize any modification or alteration of this Indenture or any indenture supplemental hereto or the rights and obligations of the Board under this Indenture or of the holders of Bonds and coupons issued under this Indenture in any particular, approved by the Board, including without limitation by reason of the foregoing (1) release from the statutory mortgage lien of any part of the project covered thereby, and (2) waiver of any default and of any rights arising by reason of any default under any of the provisions of the Indenture; and any action herein authorized to be taken with the assent or authority, given as aforesaid of the holders of seventy-five per cent (75%) or more in principal amount of the Bonds at the time outstanding shall be binding upon the holders of all of the Bonds then or from time to time thereafter outstanding under the Indenture as fully as though such action were specifically and expressly authorized by the terms of the Indenture; provided always that no such modification or alteration (a) shall change or impair the obligation of the Board to pay the principal of and interest on the Bonds at the respective dates and at the places and in the respective amounts, as provided in the Bonds, (b) shall give to any Bond or Bonds secured by the Indenture any preference over any other Bond or Bonds so secured, (c) shall authorize the creation of any lien prior to or on a parity with the said statutory mortgage lien, (d) shall deprive any bondholder of the security afforded by this Indenture, or (e) shall reduce the percentage required by the provisions of this Section for any action under this Section. Any modification of the provisions of the Indenture, made as aforesaid, shall be set forth in a supplemental indenture between the Trustee and the Board in the manner provided in Article Seven.

Section 12.04. Whenever in this Indenture the holders of a percentage or fraction of the Bonds or of the principal amount of the Bonds, or the Bonds outstanding, are given or granted any power, right or authority to do any act or thing, and/or to direct or consent that any act or thing be done in respect of this Indenture, the Bonds secured hereby and/or the funds pledged hereunder, or property subject to the statutory mortgage lien, such percentage or fraction in each case shall be exclusive of Bonds owned by the Board, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with

the Board, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction or consent, only Bonds which the Trustee knows are so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Board. In case of a dispute as to such right any decision of the Trustee taken upon the advice of counsel shall be full protection to the Trustee, and the Trustee may accept a certificate of the Chairman and Treasurer as to the amount of the Bonds held directly or indirectly by or for the benefit of the Board, and shall be liable to no one for acting in reliance thereon.

Section 12.05. Whenever in this Indenture any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all the covenants, promises and agreements in this Indenture contained by or on behalf of the Board, or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 12.06. Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation, other than the parties hereto and the holders of the Bonds and of coupons, any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all the covenants, stipulations, promises, agreements and conditions in this Indenture contained, by or on behalf of the Board, shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and of the holders of the Bonds and of coupons.

Section 12.07. The Board and the Trustee agree, and each holder or owner of any Bond or coupon by his acceptance thereof shall be conclusively deemed to have agreed, that any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten per cent (10%) in principal amount of the Bonds outstanding, or to any suit instituted by any bondholder for the enforcement of the payment of the principal of or interest on any Bond, on or after the respective due dates expressed in such Bond.

Section 12.08. Any request, declaration or other instrument required or permitted by this Indenture to be signed and executed by bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such bondholders in person or by attorney appointed in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such attorney, and of the holding by any person of Bonds transferable by delivery or interest coupons shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee as against the person signing such request and all future holders of the Bonds held by such person and

otherwise hereunder with regard to due action taken by the Trustee under such request or other instrument, if made in the following manner:

The fact and date of the execution by any person of any such request or other instrument or writing may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the place where such acknowledgment is taken, that the person signing such request or other instrument acknowledged to him the execution thereof, or by any affidavit of a witness to such execution.

The amount of interest coupons held by any person executing such request or other instrument as a bondholder, and the amounts and issue numbers of the Bonds transferable by delivery held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, bankers, institution or other depository (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing therein that at the date therein mentioned such person had on deposit with or exhibited to such depository, the Bonds and/or interest coupons described in such certificate. The Trustee may, nevertheless, in its discretion, require further proof in cases where it deems further proof desirable.

The ownership of registered Bonds shall be proved by the registry books.

Section 12.09. The descriptive headings of the various Articles of this Indenture were formulated, used and inserted in this Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 12.10. This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument. The date of actual execution of this Indenture shall be the date of execution by the Trustee.

Section 12.11. If there should be any misapplication of the proceeds of the Bonds, such misapplication shall not affect the validity of the Bonds.

Section 12.12. If any section, paragraph, clause or provision of this Indenture shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Indenture.

ARTICLE THIRTEEN

IDENTIFICATION OF THE PROJECT

Section 13.01. The "Project" as defined in Section 1.01 hereof and as referred to throughout this Indenture, is hereby identified as a new dormitory building and all appurtenances thereto, to be constructed by the Board pursuant to plans and specifications prepared by Brock and Johnson, Architects, Lexington,

Kentucky, upon a portion of the campus of the University in the City of Lexington, Fayette County, Kentucky described as follows:

Beginning at a point 63 feet from the curb of Euclid Avenue and 40 feet from the stone wall on Limestone Street; thence North with a line parallel to Limestone Street a distance of 330 feet and 4 inches to a point; thence at right angles to the right in an Easterly direction a distance of 45 feet and 4 inches to a point; thence at right angles to the right in a Southerly direction and parallel with Limestone Street a distance of 330 feet and 4 inches to a point, said point being 59 feet from the Southwest corner of Jewell Hall; thence at right angles to the right in a Westerly direction and approximately parallel to Euclid Avenue a distance of 45 feet and 4 inches to the point of beginning (as shown on University of Kentucky Plot Plan dated March 1956) and being part of the same property conveyed to the University of Kentucky by deed dated September 6, 1902 from James K. Patterson and wife and Walter K. Patterson of record in Deed Book 128, page 101 in the office of the Fayette County Clerk; being also part of the property conveyed to the University of Kentucky by deed dated March 1, 1910 from the Martin McLaughlin heirs of record in Deed Book 161, page 247 and being further part of the same property conveyed to the University of Kentucky by deed dated March 1, 1911 from Rebecca Calvert of record in Deed Book 162, page 588 in said Clerk's Office and being finally part of the property conveyed to the University of Kentucky by deed dated October 1, 1925 from Louise E. Fugazzi and others of record in Deed Book 233, page 376 in the Fayette Clerk's Office.

IN WITNESS WHEREOF, the party of the first part has caused its corporate name to be hereunto subscribed by the Chairman of its Board of Trustees and its corporate seal to be hereto affixed, and said seal to be attested and this Indenture to be countersigned by the Secretary of its Board of Trustees, and said Farmers Bank and Capital Trust Company to evidence its acceptance of the trusts hereby created and vested in it, has caused its corporate name to be hereunto subscribed by its President or by one of its Vice Presidents, and its corporate seal to be hereto affixed and said seal to be attested and this Indenture to be countersigned by its Trust Officer, all as of the day and year first above written, but actually on this _____ day of _____, 1956.

BOARD OF TRUSTEES OF THE UNIVERSITY
OF KENTUCKY

By _____
Chairman

(SEAL)

ATTEST:
Countersigned:

Secretary

STATE OF KENTUCKY)
) SS
COUNTY OF FRANKLIN)

On this _____ day of _____, 1956, before me, _____, a Notary Public in and for said County in the State aforesaid, appeared _____ and _____ to me personally known and to me known to be the _____ and _____, respectively, of Farmers Bank and Capital Trust Company, one of the corporations described in and which executed the within the foregoing instrument and who being by me severally duly sworn each for himself did say that he, the said _____ is the _____ of said Corporation, and he, the said _____ is _____ of said Corporation; that the seal affixed to the within and foregoing instrument is the corporate seal of said corporation, that said instrument was executed, signed and sealed in behalf of said corporation by authority of its Board of Directors; and said _____ and _____ each acknowledged the execution of said instrument to be and the said instrument to be the free and voluntary act and deed of said corporation by it voluntarily executed.

WITNESS my hand and notarial seal this _____ day of _____, 1956.

Notary Public in and for the County and State aforesaid.

My commission expires _____.

(End of Form of Indenture)

Section 5. Simultaneously with the delivery of any of said Bonds to the purchaser or purchasers thereof, from time to time, disposition shall be made of the proceeds as provided in said Indenture.

Section 6. This Resolution shall be in full force and effect from and after its adoption.

Section 7. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Adopted by the Board of Trustees of the University of Kentucky at a meeting held on the _____ day of _____, 1956.

Chairman, Board of Trustees of the University of Kentucky

(SEAL)

ATTEST:

Secretary

and moved that all rules be suspended and that said proposed Resolution be adopted, which Resolution was duly seconded by Member Harper Gatton, and said motion having been duly considered, the Vice Chairman of the Board of Trustees put the question, and upon roll being called the following voted:

Aye: Governor A. B. Chandler, Ben Butler, Harper Gatton, Wood Hannah, Sr., J. Stephen Watkins, R. P. Hobson, Dr. Ralph J. Angelucci, Dr. Harry Denham, Robert C. Stiliz and Robert R. Martin.

Nay: None.

Whereupon the Chairman of the Board of Trustees declared the said motion duly carried, and said Resolution duly adopted.

CERTIFICATE OF SECRETARY

I, Frank D. Peterson, hereby certify that the foregoing is a true copy of the minutes of a special meeting of the Board of Trustees of the University of Kentucky held on September 4, 1956, insofar as such minutes pertain to the matters hereinabove set forth.

Dated this September _____, 1956.

Secretary

(SEAL OF UNIVERSITY)

V. Executive Committee Authorized to Act on Bond Issue.

Mr. Peterson stated that, since the minutes of the Board of Trustees of the University of Kentucky held on September 4, 1956, show that the Board has approved a Resolution of Dormitory Revenue Bonds of 1956--Holmes Hall, and since it might be necessary that the Executive Committee make certain revisions in said Resolution and may be called upon to consider other questions pertaining to the Bond Resolution, it might be necessary to have authority from the Board of Trustees for the Executive Committee to act fully for the Board of Trustees.

Thereupon, Mr. Wood Hannah, Sr. introduced and caused to be read in full a proposed Resolution entitled "A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY DELEGATING TO THE EXECUTIVE COMMITTEE FULL POWER AND AUTHORITY TO TAKE ALL ADDITIONAL NECESSARY OR DESIRABLE STEPS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF 'DORMITORY REVENUE BONDS OF 1956, HOLMES HALL,' OF THE UNIVERSITY OF KENTUCKY."

WHEREAS, further action may be necessary in connection with the issuance, sale and delivery of Dormitory Revenue Bonds of 1956, Holmes Hall, of the University of Kentucky to pay the cost not otherwise provided for of constructing an additional dormitory upon the campus of the University prior to the next meeting of the Board of Trustees, and it is deemed advisable and for the best interests of the University of Kentucky that the Executive Committee be given full power to take all action which may be necessary or desirable in connection with the foregoing,

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Trustees of the University of Kentucky hereby delegates to the Executive Committee of such Board of Trustees the full right, power and authority to take any and all action or actions which may be necessary or desirable in connection with completing the entire transaction pertaining to the financing of a dormitory to be known as Holmes Hall and the appurtenances thereto and, without limiting the generality of the foregoing, to take any and all action which may be necessary in connection with the authorization, issuance, sale and delivery of \$1,131,000 of University of Kentucky Dormitory Revenue Bonds of 1956, Holmes Hall, to amend, extend or change any resolution, resolutions or action previously taken by the Board of Trustees with reference to such transaction and to take any and all action which may be necessary in carrying out the provisions of the Loan Agreement dated as of June 1, 1956, between the Board of Trustees of the University of Kentucky and the United States of America with reference to the financing of Holmes Hall and the appurtenances thereto, such project being referred to in such Loan Agreement as Project No. Ky. 15-CH-12(D).

Section 2. That such Executive Committee is hereby authorized and directed to take any and all other action which may be necessary or desirable to carry out the intent of the foregoing.

Section 3. That if and when any action is taken by such Executive Committee in connection with such Project, all parties shall have the right to rely upon such action as being equivalent to the action as if same had been taken by the Board of Trustees of the University of Kentucky, and such Executive Committee shall have the right to complete such financing and such Project upon behalf of the University of Kentucky without any further authorization, consideration or approval by the Board of Trustees of the University of Kentucky, it being the intent of this Resolution to give such Executive Committee as full and complete power with reference to such Project as if the Board of Trustees were acting upon its own behalf.

Adopted by the Board of Trustees of the University of Kentucky at a meeting held on September 4, 1956.

Chairman, Board of Trustees of
the University of Kentucky

(SEAL)

ATTEST:

Secretary

and moved that all rules be suspended and that said proposed Resolution be adopted, which Resolution was duly seconded by Member Ralph J. Angelucci, and said motion having been duly considered, the Chairman of the Board of Trustees put the question, and upon the roll being called the following voted:

Aye:Governor A. B. Chandler, Ben Butler, Harper Gatton, Wood Hannah, Sr., J. Stephen Watkins, R. P. Hobson, Dr. Ralph J. Angelucci, Dr. Harry Denham, Robert C. Stilz and Robert R. Martin.

Nay: None.

Whereupon, the Chairman of the Board of Trustees declared that the said motion duly carried and said Resolution duly adopted.

W. Board Adjourned.

At 12:45 p. m. , the Board adjourned and went to the Student Union where a delightful luncheon was served.

Frank D. Peterson, Secretary
Board of Trustees and Executive
Committee