

Special Called Meeting of the Executive Committee of the Board of Trustees,
Monday, November 20, 1967

The Executive Committee of the Board of Trustees of the University of Kentucky met in special called session on Monday, November 20, 1967, at 11:30 a. m. , Eastern Standard Time, in the Board Room of the Administration Building on the campus for the purpose of considering proposals from prospective bidders on \$31,400,000 Revenue Bond Anticipation Notes and to authorize future issue of Series C and D Bonds for the Lexington campus for academic facilities. Members of the Executive Committee present were Dr. Ralph Angelucci, Chairman, Dr. Harry Denham, and Mr. Robert Hillenmeyer. Members absent were Mr. Smith Broadbent and Mr. Richard Cooper. Mr. Sam Ezelle, Secretary of the Board of Trustees and ex-officio member of the Executive Committee, was also present as were President John Oswald, Vice Presidents A. D. Albright, Robert F. Kerley, Glenwood L. Creech, and Robert L. Johnson. Mr. C. W. Grafton, Bond Counsel, Mr. Thomas Dupree, Bond Consultant, and Mr. Don Bradshaw, Department of Finance, were present as were representatives of the news media.

A. Meeting Opened

Dr. Angelucci called the meeting to order and, following roll call by the secretary who reported a quorum present, declared the meeting officially open at 11:32 a. m.

B. Purpose of Meeting Explained

Mr. Kerley said that the meeting had been called for the purpose of considering proposals from prospective bidders on all or part of a \$31,400,000 issue of Revenue Bond Anticipation Notes that were to be issued November 20, 1967, and to authorize future issue of Series C and D of the capital construction bonds for the Lexington campus for academic facilities to retire the notes. At the time the call was issued for the meeting, it was the opinion of the finance people that bids would be submitted for at least part, if not all, the \$31,400,000 of notes. Over the weekend the British government devalued the pound with repercussions on the money market of the world. The Federal Reserve then raised the rediscount rate in the United States and created further chaos in the financial markets. During the morning, potential bidders have indicated by telephone calls that they will bid if it is the University's wish to go ahead with the issue but it is their counsel and the counsel of the financial advisers that it would not be prudent to act at this particular time. Mr. Kerley concluded by saying that it was his recommendation that no action be taken now. A careful watch will be kept on the money market which is expected to stabilize rather quickly and, when this occurs, it should be possible to receive reasonable bids-- perhaps within a week or ten days.

Dr. Angelucci asked what the anticipated rate of interest had been and was told by Mr. Kerley that it had been hoped that an offer somewhere between 4.25 percent and 4.5 percent had been anticipated.

Mr. Thomas Dupree of F. L. Dupree and Company, the financial firm working with the University, reiterated Mr. Kerley's evaluation of the money market today and said that it was a great compliment to the University that at least two of the potential bidders had said they would go ahead if the University so desired. He felt, however, that they would have to provide protection for themselves which would affect the interest rate adversely. He agreed that the market should correct itself rather quickly and endorsed Mr. Kerley's recommendation that the University defer issuing the notes until the market had become stabilized.

Mr. Don Bradshaw of the Department of Finance indicated that he had nothing further to add to what had been said by Mr. Kerley and Mr. Dupree but that he felt the position which they recommended was the proper approach to take.

Mr. Ezelle expressed his understanding of the situation and his concurrence in the recommendation made by Mr. Kerley. The other members indicating their agreement also, Mr. Ezelle moved, seconded by Mr. Hillenmeyer, and passed that action be deferred on the \$31,400,000 Revenue Bond Anticipation Notes until such time as the market may become stabilized and reasonable bids may be anticipated.

C. Meeting Adjourned

Dr. Angelucci thanked the members of the Executive Committee for their presence at the meeting and asked that they hold themselves in readiness for another called meeting in the relatively near future. He announced that luncheon would be served following the meeting and, upon motion duly made, seconded, and carried, declared the meeting adjourned at 11:40 a. m.

Respectfully submitted,

Sam Ezelle, Secretary
Board of Trustees