

Minutes of Called Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky April 24, 1953.

The Executive Committee of the University of Kentucky met in called meeting at 10:30 a. m. Friday, April 24, 1953. The following members were present: Guy A. Huguelet, Chairman; H. D. Palmore, Harper Gatton and R. P. Hobson. Absent: J. C. Everett.

A. Purpose of Meeting.

The Comptroller stated that the University, with the approval of the State Property and Building Commission, had applied to the Federal Housing and Home Finance Agency for a loan to assist in the construction of the women's residence hall, to be located north of Patterson Hall. The application has been approved for Project No. Ky. 15-CH-4, University of Kentucky. The interest rate on this loan agreement, which is dated April 1, 1953, if accepted and approved by the University of Kentucky and executed prior to April 30, 1953, will carry a Federal Government interest rate of 3.01% per annum, whereas, if it is approved and authorized executed thereafter, the government interest rate will be 3.5% per annum. Therefore, we wish the Committee to consider the Loan Agreement which has been prepared by federal authorities.

B. Federal Government Loan Agreement, Women's Residence Hall.

The Comptroller referred to the purpose of this meeting and submitted loan agreement for Project No. Ky. 15-CH-4, University of Kentucky, Contract No. H-157. He stated that the loan agreement provides for the issuance of 722 bonds of a denomination of \$ 1,000.00, negotiable, serial, coupon bonds payable to the bearer at an interest rate of 3.01 per annum, payable semi-annually for a period of forty years.

This loan agreement is very similar to the loan agreement approved by the Executive Committee of the Board of Trustees July 18, 1952, for loan to assist in the construction of a men's dormitory to be located east of Rose Street. He called attention to the following changes: (1) The redemption provisions provide that the bonds be non-callable through May 1, 1963. Bonds maturing May 1, 1964 through May 1, 1993, may be callable on at least 30 days advance notice, at the option of the borrower, upon any interest payment date in inverse numerical order, at the following prices plus approved interest to redemption date:

May 1, 1964 through May 1, 1968 at 103;

May 1, 1969 through May 1, 1973 at 102;

May 1, 1974 through May 1, 1978 at 101;

May 1, 1979 through May 1, 1983 at $100\frac{1}{2}$

May 1, 1984 through May 1, 1993 at 100.

(2) The bonds will be sold by the University at public sale, the call for bids specifying that bids will be received and considered on the following basis:

For (1) the first 20 years of the loan, (2) the first 30 years of the loan, (3) the entire loan, and (4) the bonds maturing between the 20th and 30th years of the loan.

The Loan Agreement was read and ordered copied into the minutes.

Project No. Ky. 15-CH-4
University of Kentucky
Lexington, Kentucky
Contract No. H-157

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 1953, by and between the Board of Trustees of the University of Kentucky, acting for and on behalf of the University of Kentucky, a public educational institution of higher learning located at Lexington, Kentucky (herein called the "Borrower"), and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the terms and conditions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$ 722,000 aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator determines will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$ 1,216,125) hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation: University of Kentucky Dormitory Revenue Bond of 1953.
- (b) Date: May 1, 1953.
- (c) Principal Amount: \$ 722,000, being all of an authorized issue of such Bonds.
- (d) Denomination: \$ 1,000.
- (e) Type: Negotiable, serial, coupon bonds, payable to bearer.

(f) Interest Rate: 3.01% per annum, payable semi-annually on May 1 and November 1 in each year, first interest payable November 1, 1953.

(g) Maturities: May 1, in years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1956	\$ 10,000	1975	\$ 18,000
1957	11,000	1976	19,000
1958	11,000	1977	19,000
1959	11,000	1978	20,000
1960	12,000	1979	21,000
1961	12,000	1980	21,000
1962	12,000	1981	22,000
1963	13,000	1982	23,000
1964	13,000	1983	23,000
1965	14,000	1984	24,000
1966	14,000	1985	25,000
1967	14,000	1986	25,000
1968	15,000	1987	26,000
1969	15,000	1988	27,000
1970	16,000	1989	28,000
1971	16,000	1990	29,000
1972	17,000	1991	30,000
1973	17,000	1992	30,000
1974	18,000	1993	31,000

(h) Numbers: 1 to 722, inclusive, in order of maturity.

(i) Security: Special obligations of the Borrower payable as to both principal and interest from and secured by a first lien upon the gross revenues and income derived from the operation of the Project to the extent necessary to enable the Borrower (1) to deposit the sum of \$ 20,000 semi-annually in the "Bond and Interest Sinking Fund Account" hereinafter provided for, until such time as the funds in said Account, after paying the current year's debt service, shall equal the next succeeding two years' debt service and, (2) thereafter, to deposit semi-annually a sum sufficient to pay the current year's debt service and maintain the aforesaid reserve of two years' accumulated debt service.

(j) Place and Medium of Payment: Payable as to both principal and interest at the office of the Trustee to be designated in the Indenture, or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, 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.

(k) Registerability: Registerable as to principal only.

(1) **Redemption Provisions:** Bonds maturing May 1, 1956 through May 1, 1963 are to be non-callable. Bonds maturing May 1, 1964 through May 1, 1993 may be callable on at least thirty (30) days' advance notice, at the option of the Borrower, on any interest payment date in inverse numerical order, at the following prices, plus accrued interest to redemption date:

May 1, 1964 through May 1, 1968 at 103;

May 1, 1969 through May 1, 1973 at 102;

May 1, 1974 through May 1, 1978 at 101;

May 1, 1979 through May 1, 1983 at $100\frac{1}{2}$

May 1, 1984 through May 1, 1993 at 100.

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

For (1) the first 20 years of the loan, (2) the first 30 years of the loan, (3) the entire loan, and (4) the Bonds maturing between the twentieth and thirtieth years of the loan.

The Government will submit its bid for the Bonds and such bid will be for all of the Bonds at their par value, plus accrued interest, at the rate of three and one hundredth (3.01%) per centum per annum or any one or more of the above blocks of Bonds. In the event any other bidder or bidders offer to purchase all the Bonds, or any portion of the Bonds in blocks as specified at an interest cost of not more than three and eleven hundredths (3.11%) per centum per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. In the event of a sale of all the Bonds to a purchaser or purchasers other than the Government, this Agreement shall terminate except with respect to obligations hereunder between the Borrower and the Government as of the date of such sale of the Bonds. In the event any of the Bonds are awarded to the Government, it is agreed that the obligations hereunder shall continue in the same manner as if all the Bonds were sold to the Government. In the event no bid is received from a bidder or bidders other than the Government within the terms herein specified, all the Bonds shall be sold to the Government. It is agreed and understood that, if any of the Bonds maturing May 1, 1956 through May 1, 1983 are awarded to the Government, and so long as any of such Bonds are owned and held by the Government, then, in such event, the Government will waive (1) the non-callable provision applicable to the Bonds maturing May 1, 1956 through May 1, 1963; and (2) the premiums for redemption prior to maturity of those Bonds maturing May 1, 1964 through May 1, 1983.

Section 4. Description of the Project. The Project shall consist of a dormitory designed to house approximately 304 women students, including necessary appurtenant facilities (herein collectively called the "Project").

Section 5. Furnishings and Equipment. The Borrower shall provide from

sources other than the loan under this Agreement, and from sources 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 6. Project Site. The Project shall be located on lands owned by the Borrower in fee simple, situate on the campus of the University of Kentucky, in the City of Lexington, Kentucky, on a site approved by the Government.

Section 7. Title Evidence. The Borrower shall furnish the Government satisfactory evidence of the Borrower's ownership of a fee simple title in and to the Project site.

Section 8. Audit and Inspection Expenses. It is agreed that, in determining the costs of the Project, the Administrator will include the sum of \$ 5,700 as the agreed fixed fee to cover the Government's expense of supervising and inspecting the work appertaining to the development of the Project and of auditing the books, records, and accounts pertaining to the Project. The Government will bill the Borrower for such expense and the Borrower will promptly make payment to the Government therefor, from the first funds received by it in connection with either the sale of its aforesaid Bonds or as an advance against the sale of such Bonds, as part of the consideration for the loan hereunder and as a cost incident to the financing and development of the Project.

Section 9. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is subject to the following special conditions:

(a) The Borrower will establish, and maintain so long as any of the Bonds are outstanding, with the Trustee to be designated in the Indenture, a separate account (herein called the "Bond and Interest Sinking Fund Account") into which shall be deposited all accrued interest received from the sale of the Bonds and, thereafter, as soon as the Project becomes revenue producing, the sum of \$ 20,000 semi-annually from the gross revenues of the Project, until the funds (including investments therein) accumulated are sufficient to meet the then current year's and the next succeeding two years' debt service on the outstanding Bonds, and thereafter, such sums shall be deposited therein semi-annually from said sources as are required to meet the then current year's debt service and to maintain the aforesaid reserve of two years' accumulated debt service on the Bonds.

(b) The Borrower shall establish and maintain, throughout the life of the loan hereunder, such parietal rules, rental rates, and charges for the use of the Project as are necessary (1) to assure maximum occupancy and use of the said Project; and (2) to provide debt service on the Bonds, including the reserve for said debt service as specified in condition (a) above.

(c) The Borrower shall purchase and carry use and occupancy insurance on the Project in the amount of \$ 40,000 to insure the Project against loss of revenue caused by hazards customarily covered by a fire and extended coverage insurance policy when and so long as moneys on deposit (together with any invested funds thereof) in the Bond and Interest Sinking Fund Account are inadequate to meet the then current year's debt service and the next succeeding two years' debt service on the loan.

(d) Prior to the payment of any proceeds of the loan, and prior to making

of any advance on account of the loan, the Borrower shall deposit the sum of \$494,125 in the Construction Account and shall furnish evidence, satisfactory to the Government, of its ability to pay the costs of the movable furnishings and equipment required for the operation of the Project.

Section 10. Loan Advances. The Borrower, having complied with Section 9 (d) of this Agreement, may requisition advances on account of the loan in anticipation of the authorization, issuance and sale of the Bonds. Such requests, in the aggregate, shall not exceed twenty-five (25%) per centum of the amount of the Bonds to be purchased by the Government, and each such request shall be supported by a signed certificate of purposes in which must appear in reasonable detail the purposes for which the requested advance will be used and by such additional data as the Administrator shall require in order to determine whether such requisition should be honored in the furtherance of the Project. If, in the determination of the Administrator, any such requisition and supporting data show that the making of such advance will further the development of the Project, the Government, at its option, will honor such requisition, in whole or in part. Such loan advances shall be repaid from the first proceeds derived from the sale of the Bonds, or any portion thereof, and shall bear interest at the rate of 3.01% per annum from the date of such advance to the date of repayment.

Section 11. Payment for Bonds. The Borrower will promptly initiate and prosecute to completion all proceedings necessary to the authorization, issuance, and sale of the Bonds and to the security thereof. When the said proceedings have been completed to the point of but not including the delivery of the Bonds to the Government, and (unless all of the Bonds are delivered to the Government at one time) from time to time thereafter as proceeds from the sale of the Bonds are required to pay the costs of the development of the Project, the Borrower will file its requisition or requisitions requesting the Government to take up and pay for Bonds. Each such requisition shall cover at least twenty-five per centum (25%) of the principal amount of Bonds to be purchased by the Government, and shall be supported by a signed certificate of purposes in which must appear in reasonable detail the purposes for which the proceeds of the Bonds covered by the particular requisition are to be used, and by such additional data as the Administrator shall require in order to determine whether it is obligated under the provisions of this Agreement to honor such requisition or requisitions. If the Government is so obligated it will promptly take up and pay for the Bonds covered by each such requisition, within the limitations, however, of Section 1 hereof.

Section 12. Opinion of Bond Counsel. Simultaneously with the delivery of any of the Bonds to the Government, the Borrower will furnish the Government the approving opinion of bond counsel of recognized national standing in the financial markets of the United States and covering generally all of the Bonds and, specifically and unqualifiedly, the Bonds then being delivered to the Government.

Section 13. Construction Account. The Borrower will set up in a bank or banks which are members of the Federal Deposit Insurance Corporation a separate account or accounts (herein collectively called the "Construction Account") into which shall be deposited its separate funds in the amount of \$494,125, together with all proceeds from the sale of the Bonds (except accrued interest payments) and the additional funds required by the provisions of this Agreement to be furnished by the Borrower in order to assure the payment of all costs of the development of the Project. Moneys in the Construction Account shall be expended only for

such purposes as shall have been previously specified in a signed certificate of purposes filed with and approved by the Administrator. In the event the total cost of the development of the Project shall be less than \$ 1, 216, 125, moneys remaining in the Construction Account, after all costs of the Project have been paid, equal to the difference between such total costs and \$ 1, 216, 125 shall be promptly used for the redemption of Bonds: Provided, however, that any portion of such funds in an amount less than \$ 1, 000 shall be deposited in the Bond and Interest Sinking Fund Account described in Section 9 hereof.

Section 14. Payment of Costs - Additional Funds. The Borrower will pay all costs of the development of the Project, and furnish from sources other than the Government, and from sources and in a manner which will not jeopardize the security of the Bonds, the additional funds which, with such proceeds of the Bonds, will be sufficient to finance the total development costs of the Project. Such additional funds shall be deposited into the Construction Account by the Borrower on its own initiative, and, in any event, promptly upon the request of the Government.

Section 15. Legal Matters. The Borrower will furnish the Government a transcript of proceedings for the authorization, issuance, sale, and security of the Bonds, showing to the satisfaction of counsel for the Government that the Bonds, when delivered and paid for, will constitute binding and legal obligations, secured in accordance with their tenor, and that all proceedings for financing the acquisition, construction, and development of the Project preliminary to the delivery of the Bonds to the Government have been had and adopted in due time, form and manner as required by law.

Section 16. Security. The Borrower will include in the proceedings for the authorization, issuance, sale, and security of the Bonds, provisions for the payment of the principal of and interest on the Bonds and for the security thereof of the nature required to assure such payment and to safeguard the loan hereunder, including, in case the Bonds are payable in whole or in part from any special sources of revenues, provisions designed to secure the production of such revenues and the application thereof to the extent required for the payment and security of the Bonds and interest thereon, including the maintenance of reasonable reserves.

Section 17. Approvals and Permits. The Borrower will obtain all approvals and permits required by law as a condition precedent to the acquisition, construction, development, and operation of the Project.

Section 18. Supervision and Inspection. The Borrower will provide and maintain on its own behalf competent and adequate architectural or engineering services covering the supervision and inspection of the development and construction of the Project.

Section 19. Submission of Proceedings and Contract Documents. The Borrower will submit to the Government:

(a) two copies of the proposed resolutions or ordinances for the authorization and issuance of the Bonds, including any supplements or amendments thereto, prior to the adoption or enactment of any such resolutions or ordinances;

(b) two copies of all proposed contracts and proposed contract documents

relating to the Project, prior to the invitation of bids thereon;

(c) a written statement concerning the proposed execution or award of each contract relating to the Project, before such execution and before the award thereof is approved;

(d) all proposed wage rates pursuant to the provisions of Section 23 hereof;

(e) one set of executed contract documents relating to the Project and four sets of conformed copies thereof, before any work, service, material or equipment is performed or furnished thereunder;

(f) a written statement concerning the proposed assignment of any interest in or part of any contract relating to the Project, before an assignment thereof is approved;

(g) a written statement concerning each proposed amendment, or proposed extra, change, or additional work order intended to affect any contract relating to the Project, before such amendment, or extra, change, or additional work order is executed or issued; and

(h) such other data, reports, records, and documents relating to the Project as the Government may require.

Section 20. Construction by Contract. The Borrower covenants that, except as otherwise authorized in writing by the Administrator, all work on the Project will be done under contract; and that it will give every opportunity for free, open, and competitive bidding for each and every construction, material, and equipment contract. The Borrower agrees to give such publicity by advertisements or calls for bids by it for the furnishing to it of work, labor, materials, and equipment as will provide adequate competition; and agrees that the award of each contract therefor will be made to the lowest responsible bidder as soon as practicable: Provided, that in the selection of equipment or materials the Borrower may, in the interest of standardization or ultimate economy, if the advantage of such standardization or such ultimate economy is clearly evident, award a contract to a responsible bidder other than the lowest in price.

Section 21. Contract Security. The Borrower will require that each construction contractor shall furnish a bond in an amount at least equal to 100 per cent of his contract price as security for the faithful performance of his contract and for the payment of all persons performing labor and furnishing materials in connection therewith: Provided, that if applicable State law requires a separate bond for the protection of laborers and materialmen, the Borrower will require that each such contractor shall furnish a bond in the amount above stated for the faithful performance of his contract and a separate bond in an amount at least equal to 50 per cent of his contract price for the payment of all persons performing labor and furnishing materials in connection with his contract.

Section 22. Contractors' Insurance. The Borrower will require that each of its construction contractors shall maintain during the life of his contract insurance as follows:

(a) Compensation Insurance. Adequate Compensation Insurance for all of such contractor's employees who will be engaged in work at the site of the

Project, and, if any part of such contractor's contract is sublet, the contractor will require his subcontractor to maintain such insurance for all of the subcontractor's employees who will be so engaged unless the latter's employees are protected by the principal contractor's Compensation Insurance.

(b) Liability Insurance. Adequate Public Liability and Property Damage Insurance to protect such contractor and all of his construction subcontractors from claims for damages for personal injury, accidental death, and to property, which may arise from operations under his contract, whether such operations be by himself or by any such subcontractor or by anyone directly or indirectly employed by either of them

Section 23. Wage Rates. The Borrower will require all of its contractors engaged in work on the Project to comply with any applicable State law governing the payment of minimum rates of pay to workmen employed on the Project. In the absence of any such State law, the Borrower will compile, and submit to the Administrator for his approval, a list of prevailing rates of pay for all laborers and mechanics to be employed on the construction of the Project (which list shall be based upon the wage rates prevailing for the same classes of laborers and mechanics employed in construction activities, similar in character to the Project, in the area in which the Project is to be constructed). Upon obtaining the Administrator's approval of any such proposed minimum wage rates, the Borrower will include such list in all contracts calling for work on the Project and require adherence thereto. The Borrower will also require of its contractors that all such lists shall be posted at appropriate conspicuous points on the site of the Project. Unless otherwise required by law, wage rates need not be listed for non-manual workers, including executive, supervisory, administrative and clerical employees.

Section 24. Computation of Wages on 8-Hour Day. The Borrower will require of its contractors (a) that the wages of every laborer and mechanic engaged in work on the Project shall be computed on a basic day rate of eight hours per day, eight hours of continuous employment, except for lunch periods, constituting a day's work when a single shift is employed, and seven and one-half hours of continuous employment, except for lunch periods, constituting a day's work when two or more shifts are employed, and (b) that work in excess of eight hours per day shall be permitted upon compensation, when a single shift is employed, at one and one-half times the basic rate of pay for all hours worked in excess of eight hours on any one day, or at any time during the interval from 5 P. M. Friday to 7 A. M. Monday, or on holidays, and, when two or more shifts are employed, at one and one-half times the basic rate of pay for all hours worked in excess of seven and one-half hours on any one day or at any time during the interval from Friday midnight to Sunday midnight.

Section 25. Payment of Employees. The Borrower will require of its contractors that all employees engaged in work on the Project shall be paid in full (less deductions made mandatory by law) not less often than once each week.

Section 26. Wage Underpayment and Adjustments. The Borrower will require of each of its contractors that, in cases of underpayment of wages by the contractor, the Borrower may withhold from such contractor out of payments due, an amount sufficient to pay workers employed on the work covered by his contract the difference between the wages required to be paid under the contract and the wages actually paid such workers for the total number of hours

worked and may disburse such amounts so withheld by it for and on account of the contractor to the respective employees to whom they are due.

Section 27. Accident Prevention. The Borrower will require of its contractors that precaution shall be exercised at all times for the protection of persons (including employees) and property, and that hazardous conditions be guarded against or eliminated.

Section 28. Audit and Inspection. The Borrower will require of its contractors that the Administrator, or his authorized representatives, be permitted, and it will itself permit them to inspect all work, materials, payrolls, records of personnel, invoices of materials and other relevant data and records appertaining to the work on the Project; and will permit the Government to audit the books, records, and accounts of the Borrower appertaining to the development of the Project. The Borrower will cause to be provided and maintained during the construction of the Project adequate facilities at the site thereof for the use of the Administrator's representatives assigned to the Project.

Section 29. Reports, Records and Data. The Borrower will submit, and shall require each contractor and subcontractor on the Project to submit, to the Government such schedules of quantities and costs, progress schedules, payrolls, reports, estimates, records and miscellaneous data as may be required under applicable Federal Statutes or rules and regulations promulgated thereunder.

Section 30. Payments to Contractors. Not later than the fifteenth day of each calendar month, the Borrower will make a partial payment to each construction contractor on the basis of a duly certified and approved estimate of the work performed during the preceding calendar month by the particular contractor, but shall retain until final completion and acceptance of all work covered by the particular contract a reasonable amount, specified in the contract, sufficient to insure the proper performance of the contract.

Section 31. Convict Made and Foreign Materials. The Borrower will require of its contractors that (a) no materials manufactured or produced in a penal or correctional institution be incorporated into the Project; and (b) that only such unmanufactured articles, materials or supplies as have been mined or produced in the United States of America, and only such manufactured articles, materials, or supplies as have been manufactured in the United States of America substantially all from articles, materials or supplies mined, produced, or manufactured, as the case may be, in the United States of America, shall be employed in the construction of the Project. Exceptions to the foregoing shall be made only through a change in the contract covering such exception.

Section 32. Kick-back Statute. The so-called Kick-back Statute, Public Law No. 324, 73d Congress, approved June 13, 1934 (48 Stat. 1948), and the regulations issued pursuant thereto, are a part of this Agreement, and the Borrower shall comply, and require each of its contractors employed in the construction, prosecution, or completion of the Project to comply therewith, and to cause his subcontractors to do likewise.

Section 33. Retention of Title. So long as any of the Bonds are outstanding, the Borrower covenants and agrees that it will not dispose of its title to the Project or to any useful part thereof, including any facility necessary

to the operation and use of the Project and the lands and interests in lands comprising the site of the Project.

Section 34. Signs. The Borrower will cause to be erected at the site of the Project signs identifying the Project, and indicating that the Government is participating in the development of the Project.

Section 35. Interest of Third Parties. This Agreement is not for the benefit of third parties, including the holders from time to time of any of the Bonds, and the Government shall be under no obligation to any such parties, whether or not indirectly interested in this Agreement, to pay any charges or expenses incident to compliance by the Borrower with any of its duties or obligations hereunder.

Section 36. Bonus or Commission. The Borrower represents that it has not paid and, also, agrees not to pay any bonus or commission for the purpose of obtaining an approval of its application for the loan hereunder.

Section 37. Insurance on Completed Project. So long as any of the Bonds are outstanding, the Borrower will insure the Project against loss or damage by fire, lightning, tornado, and explosion in an amount at least equal to the aggregate of the principal amount of the outstanding Bonds. All insurance policies shall be in form satisfactory to the Trustee designated in the Indenture securing the Bonds, and in the event of any loss or damage to the Project the Borrower will forthwith repair or reconstruct the damaged portion thereof to the satisfaction of the Trustee, or retire the outstanding Bonds, and will apply the proceeds of the insurance policies for that purpose. Any of the insurance proceeds remaining upon the completion of such repair or reconstruction shall be deposited in the said Bond and Interest Sinking Fund Account.

Section 38. Interest of Members of or Delegates to Congress. No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

Section 39. Prompt Procedure - Economic Construction. The Borrower covenants and agrees that it will proceed promptly with all matters necessary to the financing and the development of the Project; and that the Project will be undertaken and developed in such a manner that economy will be promoted in such development and in the construction work; and that the Project will not be of elaborate or extravagant design or materials.

Section 40. Prerequisite to Government's Obligations. The Government shall be under no obligation to the Borrower to take up and pay for any Bonds under this Agreement:-

(a) Representations. If any representation made by the Borrower in its application for the loan covered by this Agreement or any supplement thereto or amendment thereof, or in any such document submitted to the Government in connection with such application or loan, shall be incorrect or incomplete in any material respect;

(b) Financial Condition. If the financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government

(c) Concurrence by Government. If the Borrower, having submitted to the Government the documents mentioned in Section 19 hereof, shall have proceeded without having been advised by the Administrator that the same are satisfactory and in compliance with the provisions of this Agreement; it being the purpose of this provision to insure that no action will be taken in the development of the Project which would result in a legal or contractual violation rendering it impossible for the Government to make the loan hereunder or for the parties to accomplish the objects of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed in the name and on behalf of the United States of America, Housing and Home Finance Agency, by the undersigned Housing and Home Finance Administrator, under the seal of said Agency, attested by its Attesting Officer, and in the name of the Board of Trustees of the University of Kentucky, acting for and on behalf of the University of Kentucky, by the undersigned _____ of said Board of Trustees, and under its official seal, attested by its _____.

UNITED STATES OF AMERICA
Housing and Home Finance Agency

By _____
Administrator

(S E A L)

ATTEST:

Attesting Officer
Office of the Administrator
Housing and Home Finance
Agency

BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY,

Acting for and on behalf of the University
of Kentucky

By _____
Vice-Chairman, Board of Trustees
and
Chairman, Executive Committee

(Title)

(S E A L)

ATTEST:

(Title)

Members of the Committee being thoroughly advised, upon motion duly made, seconded and carried, accepted and approved the Loan Agreement and authorized the execution of same by the Chairman of the Executive Committee of the Board of Trustees of the University, and attested by the Secretary.

C. Adjournment.

Upon motion duly made, seconded and carried, the Executive Committee adjourned.

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