

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, April 7, 1964.

The Board of Trustees of the University of Kentucky met in Room 214 of the Student Center on the campus of the University at 10:00 a.m., Eastern Standard Time, on Tuesday, April 7, 1964, in regular meeting as provided in KRS 164.170, with the following members present: Governor Edward T. Breathitt, chairman, Dr. Ralph Angelucci, vice chairman, Judge J. A. Sutherland, secretary, Mr. Smith Broadbent, Dr. R. W. Bushart, Dr. Harry Denham, Mr. Sam Ezelle, Mr. W.F. Foster, Mr. Robert Hillenmeyer, Mr. Gilbert Kingsbury, Dr. H.B. Murray, Mr. Clifford E. Smith, Professor Paul Oberst (non-voting), and Dr. Dr. Lewis Cochran (non-voting). Absent were: Dr. Harry Sparks, Mr. Wendell P. Butler and Mr. Floyd Wright. President Oswald, Dr. Albright, Dr. Willard and Dr. Haun, representing the administrative staff, and members of the press were also present.

A. Meeting Opened

Since Governor Breathitt sent word that he was delayed, Dr. Ralph Angelucci, vice chairman, called the meeting to order at 10:20 a.m. and asked Mr. Gilbert Kingsbury to pronounce the invocation.

Judge Sutherland, secretary, called the roll and reported thirteen members present and four not answering the roll and indicated that a quorum was present.

B. Minutes Approved

On motion by Mr. Hillenmeyer, duly seconded, and without objection the Minutes of the March 20, 1964, meeting of the Executive Committee of the Board of Trustees were approved as published.

C. President's Report to the Trustees

The chairman called on Dr. Oswald for his Report to the Trustees, copies of which were made available. Dr. Oswald commented briefly on each item contained in the report and the Trustees accepted the report with an expression of appreciation for the many and varied activities being carried on by members of the faculty and staff of the University.

D. Presentation of "Blue Report"

Dr. Oswald indicated that copies of the "Blue Report" had been mailed in advance of the meeting to members of the Board. He further indicated that the items contained therein, while important, were routine in nature and

recommended that, unless members of the Board had questions, the report be approved as presented.

Dr. Angelucci suggested that unless there were objections the report be approved and made a part of the Minutes of the meeting. There being no objections, it was so ordered.

RECOMMENDATIONS OF THE PRESIDENT

CONTRACTS AND/OR AGREEMENTS

1. Contract with Department of Highways

Recommendation: that confirmation be given to action already taken to enter into a contract with the Commonwealth of Kentucky, Department of Highways, for a Highway Technician Program to be conducted by the University from June 8, 1964 through July 31, 1964, for a sum of \$10,688.

Background: The Department of Highways desires to assign 66 persons to a training program to be provided by the University for Highway Technicians. The Department will furnish one Civil Engineer Associate from its Division of Research as an instructor in the program, which is to be administered through Extended Programs with the assistance of the Department of Civil Engineering of the College of Engineering. A time element was involved in the signing of this contract. It is for this reason that confirming action is requested.

CONSULTATIVE SERVICES

Recommendation: that the report of the President relative to consultative services approved since March 20, 1964, be accepted as submitted.

Background: Under authorization from the Board of Trustees, the President may approve requests for permission to perform consultative services by members of the faculty and staff with the understanding that such services in no way interfere with the individuals' regularly scheduled University duties. The following have requested and been granted to perform services as indicated.

George W. Schwert to serve as panel member for National Institutes of Health

APPOINTMENT OF BOARD MEMBERS OF THE FUND FOR THE ADVANCEMENT OF EDUCATION AND RESEARCH, MEDICAL CENTER, UNIVERSITY OF KENTUCKY

Recommendation: that Mr. Fred Wachs be reappointed as a member of the Board of Directors of the Fund for the Advancement of Education and Research in the Medical Center of the University of Kentucky for a term ending June 30, 1965, and that Mr. J. Stephen Watkins be reappointed as a member of the Board for a term ending June 30, 1966.

Background: The Board of Trustees is authorized to appoint the members to the Board of Directors of the FUND. Both Mr. Wachs and Mr. Watkins have served as members of this Board in a most effective manner and it is recommended that they be reappointed for the terms specified above.

APPOINTMENTS

Recommendation: that approval be given to the appointments and/or other changes which require Board action and that the President's report relative to appointments and/or changes already approved by the administration be accepted.

Background: Approval of the Board of Trustees is required for all appointments to positions with the rank of associate professor and above, to promotions, and to the granting of tenure, and to salary changes above \$12,000 for non-academic personnel and \$15,000 for academic personnel. All other appointments and/or changes may be made by the President with reporting to the Board.

Given below are the personnel changes since the last meeting of the Executive Committee which either require action or which have already been acted upon by the President and are being reported:

REPORT OF PRESIDENTIAL APPROVALS

New Appointments

Marlin Ward Crowe, Assistant Veterinarian and Lecturer, Department of Veterinary Science

George William Griffith, Instructor, Department of English

Lynn Clifford Kurtz, Assistant Professor, Department of Mathematics

Changes

William T. Carse, Associate Professor, to Associate Professor and Director of Institutes, College of Education and NDEA Counseling and Guidance Institutes

Leaves of Absence

William Clement Eaton, sabbatical leave, September 1, 1964 to June 30, 1965

O. Leonard Press, continuance of leave without pay, fiscal year 1964-65

T. C. Walker, sabbatical leave, January 1, 1965 to June 30, 1965

GIFTS

Recommendation: that the gifts and/or grants listed below be ordered accepted and proper letters of appreciation sent to the donors.

Background: The names of donors, the amounts given, and the purposes for which the gift is to be used are given below:

Western Auto Associate Store	\$ 250.00	Scholarship
Fort Dodge Laboratories	3,000.00	Grant for research
General Electric Foundation	252.50	Corporate Alumnus Program
Pennyrile Pork Producers	566.67	Partial payment of salary of area swine specialist
	<hr/>	
Total	\$4,069.17	

Mrs. Sherley W. Morgan - books and journals for the Medical Center Library

E. Supplementary Recommendations

President Oswald called attention to the Supplementary Recommendations of the President, explaining that these were routine items which had come to his attention too late to be included in the initial report:

SUPPLEMENTARY RECOMMENDATIONS OF THE PRESIDENTAPPOINTMENTS AND OTHER STAFF CHANGES

Recommendation: that approval be given to appointments and/or changes which require Board action and that the President's report relative to appointments and/or changes already approved by the administration be accepted.

Background: The following recommendations of appointments have been received since PR 2 was mailed to the Board and require the Board's acceptance.

Report of Presidential ApprovalsAppointments

Milton E. Gellin, Assistant Professor, Department of Pedodontics
Richard Lorin Kay, Assistant Professor, Department of History
Lech Wlordarski, Visiting Associate Professor, Department of Mathematics

Leave of Absence

Stanley J. Zyzniewski, leave, September 1, 1964 through June 30, 1965

Change

O. M. Davenport, Professor of Forestry, named Acting Chairman, Department of Forestry.

UNIVERSITY OF KENTUCKY
SUMMARY OF PERSONNEL CHANGES
March 1964

<u>Professors</u>												
	New	Inc.	Dec.	Tr.	Chg	New	Pos.	Sab.	Bgt	Re-	LW	
	Appt.	Resig.	Sal.	Sal.	Empl.	Rank	Elim.	Lve	Adj.	Ap.	OP	Amount
Med.	1											\$ 4,750.00
Total	1											\$ 4,750.00
<u>Associate Professors</u>												
Educa.									1			
A&S									1			
Total									2			
<u>Assistant Professors</u>												
Med.	3											\$16,221.48
Dent.	2											2,374.98
Ag&HE									2			
Total	5								2			\$18,596.46
<u>Instructors</u>												
A&S			1							1		
Ag. & HE	1		1					3	12			\$ 999.99
Educ.											3	
Ext. Pr.	3										3	
Med.	2										1	799.99
Ex. VP					1							93.11
Total	6		2			1		3	13		7	\$ 1,893.09
<u>Staff</u>												
A&S	2	4	1		1				2		1	\$ (995.15) ¹
Ag&HE	9	15	6								17	(739.33) ¹
Engin.	1		3						3			1,420.83
Ext. Pr.	1								1			199.99
Med. Ct.	2		4			2						2,641.66
Med.	9	7	14			2	1		4	2	2	901.27
Dent.	1		2				1					(1,671.81) ¹
Nurs.			1								1	(361.91) ¹
Hosp.	14	7	26			4			2	1	20	1,124.03
Of. of												
Pres.	1											637.23
Ex. VP	7	3	3		1				3		2	(758.08) ¹
Bus. Ad.	9	5	4		1	3					3	7,836.45
Dean of												
Women	2	1	1									
Sv. Ent.							1		1			(4,800.01) ¹
Total	58	42	65		3	11	3		16	20	29	\$5,435.17
<u>Department Chairmen</u>												
Ag&HE									1			
Bus. Ad.	1											5,645.10
Total	1								1			\$ 5,645.10

CHANGE-OF-WORK ASSIGNMENTS

Recommendation: that approval be given for the persons listed below to assume change-of-assignment status as provided by the regulations of the Board of Trustees.

Background: The persons listed below have fulfilled all the requirements for assignment to change-of-work status and it is recommended that they be permitted to do so on the dates indicated.

Amry Vandebosch, Director of Patterson School of Diplomacy and International Commerce, after thirty-eight years of service, effective January 1, 1965

James Ellison Humphrey, Extension Specialist in Poultry, after over forty years of service, effective May 1, 1964

FREE FEE SCHOLARSHIPS

Recommendation: that approval be given to the authorization of ten free tuition scholarships and two \$600 plus free tuition scholarships for International Students for the 1964-65 academic year.

Background: The granting of these scholarships to International Students has been authorized by the Board of Trustees in prior years and it is recommended that they be continued. The names of the final recipients will be presented to the Board in the early fall when the list is complete.

GIFTS

Recommendation: that the gifts and/or grants listed below be ordered accepted and proper letters of appreciation sent to the donors.

Background: The names of the donors and the amounts given with the purpose for which the money is to be used are given below:

<u>Donor</u>	<u>Amount</u>	<u>Purpose</u>
Union Carbide Corporation	\$1,000.00	Grant-in-aid for research
Shell Chemical Company	3,600.00	Research
	<u>\$4,600.00</u>	

CONTRACTS AND/OR AGREEMENTS

Recommendation: that the proper University officials be authorized to execute the Standard Personal Services Contract with the Department of Economic Security of the Commonwealth of Kentucky.

Background: The Department of Economic Security has requested the Social Research Service of the University of Kentucky to conduct a research study in connection with the aid to families with dependent children with an unemployed parent public assistance program. For this service the University will be reimbursed in the amount of \$30,000 and the contract covers the period April 1964 through June 30, 1964.

After a brief discussion of the items contained in the report, on motion by Mr. Kingsbury and duly seconded, the Supplementary Recommendations of the President were approved and ordered made a part of the official Minutes of the meeting.

F. Establishment of Board of Student Publications

Dr. Oswald requested permission not to follow the agenda since he wished the Governor to be present for the discussion of certain specific items. The permission being granted, he distributed copies of the following report:

ESTABLISHMENT OF BOARD OF STUDENT PUBLICATIONS

Recommendation: (1) that the Board of Trustees rescind its present policy which places the responsibility for student publications with the School of Journalism; and (2) that the Board of Trustees authorize the President to establish a Student Publications Board with representation from students, faculty, and administration which will have responsibility for editorial and financial policy of student publications and for personnel operating the campus-wide student publications, the Kernel and the Kentuckian.

Background: The change in the organizational structure proposed for student publications is recommended in response to the findings of the Student Personnel Advisory Committee and the expressed wishes of interested students and faculty to create an organizational structure more responsive to and representative of the needs of the University. With the proposed organizational change, a Board of approximately six students, three faculty, and three members-at-large drawn from the faculty, administration, alumni, and professional journalists will participate as a Board in the formulation of policies for the student publications which will assure a strong and vigorous Kernel and Kentuckian. While the School of Journalism will no longer be responsible for the Kernel and the Kentuckian under this recommendation, the continued use of student publications as a basis for a journalism practicum is planned. The faculty of the School of Journalism is in agreement with these recommendations.

If authority is granted to proceed, it is contemplated that the new Student Publications Board would assume its duties next September 1. The functioning of the student publications would remain the responsibility of the School of Journalism until that time and student editorial appointments usually made during the spring would be handled as in the past. It is planned, however, that the members of the new Student Publications Board will be selected before the end of the current semester.

In the discussion that followed the presentation of the report, Dr. Denham asked whether this action would provide more or less freedom of the press. Dr. Oswald responded that he felt it would give the maximum opportunity for the students to express themselves within the restrictions necessary for a student paper. The chairman asked for comments from members of the press and from the editor of the Kernel but they indicated there were none.

Mr. Ezelle moved that the Board of Trustees rescind its present policy which places the responsibility for student publications with the School of Journalism, such policy having been adopted by the Board on October 20, 1937. His motion was seconded and carried without dissent.

Mr. Ezelle then moved that the President be authorized to establish a Student Publications Board with representation from students, faculty, and administration which would have responsibility for editorial and financial policy of student publications and for personnel operating the campus-wide student publications, the Kernel and the Kentuckian. The motion was seconded and carried without dissent.

G. Governor Breathitt Welcomed

Governor Breathitt arrived at 10:35 a. m. and after a word of welcome from Dr. Angelucci on behalf of the Board, the meeting was turned over to him.

H. Financial Statement and Audits

At the request of Governor Breathitt, Dr. Oswald continued with his presentation of the following report relative to the financial statement and audits prepared by the firm of Peat, Marwick, Mitchell and Company:

FINANCIAL STATEMENT AND AUDITS

Recommendation: that the Board of Trustees accept the financial statement for the fiscal year 1962-63 and the audit reports prepared by Peat, Marwick, Mitchell and Company on each of the following:

University of Kentucky
 Kentucky Research Foundation
 University of Kentucky Athletic Association
 Thomas Poe Cooper Foundation

Background: You will recall that by Board of Trustees action on August 24, 1963, the firm of Peat, Marwick, Mitchell and Company was employed to examine and audit the accounts of the University and each and all of its several affiliated organizations for the fiscal year which ended June 30, 1963.

Within the University of Kentucky report of Peat, Marwick, Mitchell and Company are the financial transactions and results of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center. A separate and more detailed report on the Fund is being prepared and submitted to the Board of Directors of that Fund.

On motion by Mr. Smith, seconded and so ordered by the Governor, the reports were ordered received and filed until the May meeting of the Board at which time Peat, Marwick, Mitchell and Company will have completed the report of the Fund for Advancement of Education and Research in the University of Kentucky Medical Center and consideration of the acceptance of all the reports can be given at that time.

I. Approval and Acceptance of Revised HHFA Loan Agreement and Authorization of Issuance, Sale, and Delivery of University of Kentucky Housing Bonds of 1964.

The President of the College called attention to the fact that the next item on the agenda was consideration of a Revised Loan Agreement tendered by Housing and Home Finance Agency of the United States Government (HHFA), at the request of the University, relating to HHFA Project No. CH-Ky-70(D) for financing the costs (to the extent not otherwise provided) of constructing four small dormitories intended to be leased to and occupied by Delta Gamma, Sigma Alpha Epsilon, Sigma Nu, and Phi Kappa Tau Fraternities under rental agreements sufficient to provide for payment of the principal of and interest on the bonds offered to be purchased by HHFA.

The President stated that after conferring with the Business Staff and reviewing previous actions of the Board, or of its Executive Committee, he felt it would be desirable for him to review the history of this proposed transaction. The Board has on a number of occasions in the past undertaken to finance the construction of fraternity and sorority houses, under rental agreements, inasmuch as they relieve, even though to only a small extent in each case, the growing demands for housing of students and student groups on or adjacent to the campus of the University. The present project was originally conceived for Delta Gamma, Sigma Alpha Epsilon and Sigma Nu at an estimated cost of \$160,000 each, and Zeta Beta Tau at an estimated cost of \$150,000, making a total of

\$630,000 represented by an HHFA Loan Agreement dated March 1, 1963, which was duly accepted by the Board. Subsequently construction bids were received and it appeared that by reason of increasing costs of construction since the date of the original estimates, all of the low construction bids were higher than had been anticipated. It was the recommendation of the administration, duly approved by the Board, that the excess of construction bids over the previous estimates be advanced by the Board from available funds against promissory notes of the respective fraternities, bearing simple interest at the same rate provided in the HHFA Loan Agreement, with both interest and principal payments deferred until retirement of the HHFA Bonds in order not to conflict with HHFA requirements. The proposal of the Board to make advancements upon such terms were accepted and approved by Delta Gamma, Sigma Alpha Epsilon and Sigma Nu but in the case of Zeta Beta Tau the fraternity concluded that the aggregate obligation was more than it could afford, and it withdrew. As noted in the minutes of the Board meeting of August 24, 1963, Phi Kappa Tau requested and was permitted to be substituted in this program, but its request was for a small dormitory estimated to cost \$160,000 rather than \$150,000, necessitating a request that the HHFA Loan Agreement be amended to increase the aggregate amount from \$630,000 to \$640,000, with the Board still committed to advance any excess of construction bids over estimated costs.

On this basis the administration of the University has negotiated with HHFA and has now been tendered a Revised Loan Agreement for Project No. CH-Ky-70(D) in the principal amount of \$640,000, still bearing the originally guaranteed interest rate of 3-3/8% per annum. Bids for the construction of the other three small dormitories were previously received and duly approved, construction is nearing completion, and it has been ascertained that the amount necessary to be advanced by the Board against such described promissory notes, will be \$15,000 in the case of Delta Gamma, \$20,000 in the case of Sigma Alpha Epsilon, and \$17,500 in the case of Sigma Nu. Construction bids have now been received for the small dormitory intended to be rented to Phi Kappa Tau, and it appears that the Board's advance in this case will be \$20,000. By reason of regulations promulgated by the Department of Finance of the Commonwealth, it is now necessary to consider the tendered Revised HHFA Loan Agreement in order that, if it is approved and accepted by the Board, a "receivable" of the Commonwealth may be created as provided by law, thus permitting acceptance and award of the construction contract or contracts for construction of the small dormitory intended to be rented to Phi Kappa Tau.

The President reported that in view of all of the foregoing, and in anticipation of the Board's approval at this meeting, he had requested Bond Counsel previously employed by the Board to prepare and tender appropriate proceedings, copies of which had been provided to all members of the Board for advance consideration.

Board Member Smith then introduced, caused to be read in full and moved immediate adoption of the following resolution:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY APPROVING AND ACCEPTING THE REVISED HHFA LOAN AGREEMENT FOR HHFA PROJECT IDENTIFIED AS NO. CH-Ky-70(D), CONTRACT NO. H-302-1216, INCREASING THE AMOUNT OF THE ORIGINAL LOAN AGREEMENT TO \$640,000

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AS FOLLOWS:

Section 1. That the HHFA Revised Loan Agreement for Project No. CH-Ky-70(D), Contract No. H-302-1216, increasing the amount of HHFA's agreement to bid for the purchase of the Board's "University of Kentucky Student Housing Bonds of 1963" (re-designated as the "University of Kentucky Student Housing Bonds of 1964"), when prepared in accordance therewith and duly offered at public sale be and the same is hereby approved and accepted with all of its terms and conditions (including specifically the Board's agreement to comply with Executive Order No. 11063 dated November 20, 1962, preventing discrimination in the use or occupancy of said facilities because of race, color, creed or national origin) and the proper officers of the Board and of the University are hereby authorized to execute the same and to return to HHFA such number of executed copies thereof as are appropriate and required.

Section 2. The Board shall proceed as expeditiously as possible in the authorization of the proposed bonds and the Executive Committee of this Board is authorized to proceed with all further necessary or appropriate action in the advertisement of a public offering of said bonds, in consideration and acceptance of the best bid or bids received, establishment of the interest rates in conformity therewith, and in delivering the bonds to the purchaser or purchasers and receiving the purchase prices therefor.

Section 3. This Resolution shall be in full force and effect immediately upon its adoption.

The motion for the adoption of said Resolution was seconded by Board Member Foster. After full discussion the Chairman put the question and upon call of the roll the following voted: Voting "Aye": Hon. Edward T. Breathitt, Dr. Ralph J. Angelucci, Smith Broadbent, Dr. R. W. Bushart, Hon. Wendell P. Butler, Dr. Harry M. Sparks, Dr. Harry Denham, Sam Ezelle, William F. Foster, Robert H. Hillenmeyer, Gilbert Kingsbury, Dr. H. B. Murray, Clifford E. Smith, Judge J. A. Sutherland, and Floyd H. Wright. Voting "Nay": None.

The Chairman then announced that said Resolution had been duly adopted and was in full force and effect.

Board Member Smith then introduced, caused to be read in full and moved immediate adoption of a resolution as follows:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF "UNIVERSITY OF KENTUCKY STUDENT HOUSING BONDS OF 1964" OF THE BOARD OF TRUSTEES OF THE UNIVERSITY TO PAY THE COSTS (NOT OTHERWISE PROVIDED) OF CONSTRUCTING A PROJECT UPON THE CAMPUS OF THE UNIVERSITY, CONSISTING OF FOUR SMALL DORMITORIES TO HOUSE APPROXIMATELY 40 TO 48 STUDENTS EACH, EACH WITH NECESSARY APPURTENANCES

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 a project consisting of four small dormitories for housing approximately 40 to 48 students each, including kitchen and dining facilities, each with necessary appurtenances, upon sites which are hereinafter described, and which are parts of the campus of the University; and

WHEREAS, plans and specifications therefor have been prepared and submitted to the Board of Trustees; and

WHEREAS, under the provisions of KRS 162.340, et seq., now in full force and effect, 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 costs of the said housing project and appurtenances; and

WHEREAS, the total cost of said housing and dining hall project and appurtenances is estimated to be Seven Hundred Seven Thousand Five Hundred Dollars (\$707,500), and it is necessary that the Board of Trustees provide at this time for the borrowing of a sum not to exceed Six Hundred Forty Thousand Dollars (\$640,000), to provide, together with other available funds, for the estimated total cost 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 construction of a project upon the campus of the University, at Lexington, Kentucky, consisting of four small dormitories to house approximately 40 to 48 students each, with kitchen and dining facilities, each with necessary appurtenances (the same being hereinafter referred to as the "Project"). The plans and specifications of said Project, as prepared and submitted to this Board, are hereby approved in all respects, to the extent not heretofore approved.

Section 2. In order to provide for the payment of a portion 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, University of Kentucky Student Housing Bonds of 1964 (hereinafter sometimes referred to as the "Bonds") in the aggregate principal amount of Six Hundred Forty Thousand Dollars (\$640,000), dated March 1, 1964, of the denomination of One Thousand Dollars (\$1,000.00) each, to be numbered consecutively from 1 to 640, both numbers inclusive, (or otherwise as hereinafter provided in the form of Trust Indenture, hereinafter set forth), 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 three and three-eighths per cent (3-3/8%) 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 September, 1964 and semiannually thereafter on the first days of March and September in each year until maturity. 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. Each of said Bonds in Coupon Form shall be executed on behalf of the Board of Trustees by the reproduced facsimile signature of the Chairman, and a reproduced facsimile of the Corporate Seal shall be imprinted thereon, attested by the manual signature of the Secretary. The interest coupons appurtenant to Bonds issued in Coupon Form shall bear the facsimile signatures of said officers. Each of said Bonds which may be issued in Fully Registered Form (without interest coupons), as alternatively provided in said Trust Indenture and as permitted by law, shall be manually signed by the said Chairman and Secretary, and the seal shall be physically impressed thereon. After said Bonds have been sold by the Board of Trustees, or by its Executive Committee which is hereby authorized to act in that regard, as hereinafter more specifically provided, at an advertised public competitive sale, and as soon as said Bonds have been received from the printer and executed as herein provided, the same shall be delivered for authentication to the Trustee named in said Trust Indenture.

Section 3. The Secretary of this Board is hereby authorized and directed to execute an appropriate form or forms of "Notice of Sale of Bonds," and cause the same to be published as required by law, one time in The Courier-Journal, a daily newspaper published in Louisville, Kentucky, and of statewide circulation throughout the Commonwealth of Kentucky, and one time in The Bond Buyer, a financial newspaper published in New York, New York, of nationwide circulation among bond buyers, soliciting sealed competitive proposals for the purchase of said Bonds, the same to be received in the office of the President of the Board of Trustees of the University on the campus of the University of Kentucky, in Lexington, Kentucky, until some day and hour when the Board of Trustees, or its Executive Committee, will be in session. Publication of said "Notice of Sale of Bonds" shall be made in conformity with KRS 424.130, 424.140, and 424.360. In said notice purchasers shall be instructed that proposals may be for the purchase of (a) Bonds maturing in the

years 1967 through 1974; (b) Bonds maturing in the years 1975 through 1979; (c) Bonds maturing in the years 1980 through 1984; (d) Bonds maturing in the years 1985 through 1989; (e) Bonds maturing in the years 1990 to 1994; (f) Bonds maturing in the years 1995 to 1999; (g) Bonds maturing in the years 2000 to 2004; (h) the entire issue; that the bidders may stipulate one (1) or more interest coupon rates with respect to said Bonds, provided the average of such rates does not exceed three and three-eighths per cent (3-3/8%) per annum, and only one (1) coupon rate may be stipulated for Bonds maturing on the same date. The Board will not entertain any proposal that interest becoming due on any Bond at any interest payment date be represented by more than one coupon. If a bid carries two (2) 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 blocks, or combined blocks, covered by the bid at the offered rates; and if the average rate so obtained is not more than three and three-eighths per cent (3-3/8%), the bid shall be considered to qualify. A minimum bid of par value (plus accrued interest to date of delivery and payment) shall be required. Bids for the entire issue, or for more blocks as against fewer blocks, will be given preference; and in consideration thereof on such basis, the bid of HHFA will not be considered. The right to reject bids shall be expressly reserved. The Executive Committee of the Board of Trustees of the University of Kentucky is hereby authorized and empowered to consider all proposals made pursuant to such public notice, to award the Bonds in the manner and for the purposes herein provided, to establish the interest rates which the Bonds shall bear, and to take all other necessary and proper steps in the sale and issuance of the said Bonds; all of which actions of the said Executive Committee are now approved and ratified.

The Secretary is further authorized and directed to furnish an Official Bid Form and a statement giving a more particular description of the Bonds and of provisions for the security and payment thereof, disposition of Bond proceeds, etc., than is possible within the limits of the published notices and to furnish copies of such bid form and 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 purchase 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 & 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:

TRUST INDENTURE

SECURING

\$640,000

UNIVERSITY OF KENTUCKY
STUDENT HOUSING BONDS OF 1964

Dated as of March 1, 1964

ISSUED BY THE BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY,
LEXINGTON, KENTUCKY

THIS INDENTURE, dated as of the first day of March, 1964, 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, at Lexington, Kentucky, (hereinafter sometimes called the "Board"), party of the first part, and FARMERS BANK & CAPITAL TRUST COMPANY, Frankfort, Kentucky, a banking corporation duly organized and existing according to 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, County of Franklin, Commonwealth of Kentucky, as Trustee, (hereinafter sometimes called the "Trustee"), party of the second part,

W I T N E S S E T H

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 University of Kentucky, is authorized to erect buildings and appurtenances to be used in connection with said University for educational purposes, and to issue

its revenue bonds, payable solely from the income and revenues of such buildings; 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 a project consisting of four small dormitories with appurtenant facilities, including kitchen and dining facilities, on the campus of the University to house approximately 40 to 48 students each (hereafter referred to as "the Project"), and in order to defray the costs of such Project (to the extent not otherwise provided) it is necessary that the Board authorize and issue at this time its additional revenue bonds as hereinafter set forth; and

WHEREAS, the Board has adopted an appropriate Resolution authorizing the issuance of \$640,000 of Bonds, designated "Student Housing Bonds of 1964," for said Project, as hereinafter described and set forth, 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 proceeds of the Bonds; and

WHEREAS, the Bonds may be issued as coupon Bonds in the denomination of \$1,000 each, or as one or more fully registered Bonds without coupons in any denomination which is a multiple of \$1,000, or partly in one form and partly the other; and the coupon Bonds of said authorized issue, and the coupons appertaining thereto, and a Trustee's certificate with respect thereto, and provisions for the registration thereof as herein prescribed, are to be substantially in the following forms, with appropriate insertions, omissions and variations as in this Indenture provided or permitted:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
STUDENT HOUSING BOND OF 1964

Number _____

\$1,000

The Board of Trustees of the University of Kentucky, a body corporate, as an Educational Institution and Agency of the Commonwealth of Kentucky, at Lexington, Fayette County, 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 hereof, as hereinafter provided, the sum of One Thousand Dollars (\$1,000) on the first day of March, _____, 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 semiannually on March 1 and September 1 of each year, beginning September 1, 1964, 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 the Trustee, Farmers Bank & Capital Trust Company, in the City of Frankfort, County of Franklin, Commonwealth of Kentucky, or, at the option of the holder hereof or of the interest coupons hereunto appertaining, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of \$640,000, all of said Bonds being of the same tenor and effect (except for numbers, denominations, maturity dates, and interest rates), issued for financing the costs, not otherwise provided, of a Project consisting of four (4) small dormitories with appurtenant facilities including kitchen and dining facilities on the campus of the University in Lexington, Fayette County, Kentucky, to house approximately 40 to 48 students each (identified in the Trust Indenture hereinafter referred to as "the Project") 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 a Trust Indenture (said Indenture, together with all indentures supplemental thereto as therein permitted, being hereinafter called the "Indenture"), dated March 1, 1964, executed by and between said Board of Trustees and Farmers Bank & Capital Trust Company, Frankfort, 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 rentals, charges, income and revenues including lease or use payments; 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 and limitation of 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 the Project, the same to be applied first to the payment of principal of and interest on said Bonds as the same become due, to provide reserves for such purposes, to provide reserves for certain maintenance, repairs, renewals and replacements, and to the extent thereafter available for the payment of Current Expenses of the Project as the same are specifically defined in the Indenture to which reference is hereby made. The Indenture provides for the creating of a special fund designated "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964" (herein called the "Sinking Fund Account of 1964"), and for the deposit to the credit of said Sinking Fund Account of 1964 of a fixed amount of the gross income and revenues of said Project to pay the principal of and the interest on the Bonds as the same become due, and to provide a reserve for such purpose, which Sinking Fund Account of 1964 is pledged to and charged with the payment of said principal and interest.

This Bond and the issue of which it is one, is payable as provided in the Indenture and 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.

REDEMPTION PROVISIONS

The Board reserves the right to call and redeem Bonds prior to their respective maturity dates as follows:

(a) Surplus funds in the "Construction Fund," in excess of the amount required to be deposited by the Board, as provided in the Indenture, in said "Construction Fund," to provide for the difference between \$640,000 and the estimated cost of the Project, will be applied to the redemption of the Bonds in the inverse order of their numbering;

(b) Bonds shall be subject to redemption from the proceeds of insurance, in the event of damage to or destruction of the Project facilities, as provided in the Indenture;

(c) The Board reserves the right to call for redemption Bonds numbered 506 through 640, inclusive, maturing March 1, 2000, through March 1, 2004, inclusive, at the option of the Board in inverse numerical order on any interest payment date subsequent to the date of the Bonds at par or face value plus accrued interest to the date of redemption; prior to call for redemption of Bonds which are at the time callable for redemption at a premium.

(d) Bonds numbered 1 through 79, inclusive, maturing March 1, 1967, through March 1, 1974, inclusive, are non-callable, except through application of the proceeds of insurance, as aforesaid.

Bonds numbered 80 through 505, inclusive, maturing March 1, 1975, through March 1, 1999, inclusive, are subject to redemption at the option of the Board prior to the stated maturities thereof, in whole or in part, and in inverse

numerical order, on any interest payment date after March 1, 1974, upon notice as hereinafter provided, at the principal amount thereof plus accrued interest to the date of redemption and a premium for each Bond redeemed prior to its stated maturity according to the following schedule:

3% if redeemed September 1, 1974 through March 1, 1979, inclusive,
 2-1/2% if redeemed September 1, 1979 through March 1, 1984, inclusive,
 2% if redeemed September 1, 1984 through March 1, 1989, inclusive,
 1-1/2% if redeemed September 1, 1989 through March 1, 1994, inclusive,
 1% if redeemed after March 1, 1994.

Notice of any such intended redemption, identifying the Bonds to be redeemed, will be on file at the office of the Trustee at least thirty days prior to the specified redemption date, and such notice shall be published at least once not less than thirty days prior to said redemption date in a financial newspaper or journal of general circulation published in the English language in the City of New York, New York. Any Bonds called for redemption and for the payment of which funds are on deposit with said Trustee on the specified redemption date shall cease to bear interest on said redemption date.

This Bond shall pass by delivery unless registered as to principal on the books of said Board of Trustees at the office of the Trustee under the Indenture, and such registration noted hereon, after which no valid transfer hereof shall be effective unless made on said books and similarly endorsed hereon at the written request of the registered holder or his duly authorized representative, but this Bond may be discharged from registration by being in like manner registered to bearer whereupon full negotiability and transferability by delivery shall be restored but may again from time to time be registered as aforesaid. Such registration 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 the Project and those portions of the sites physically occupied thereby, and all necessary appurtenances, including adequate provision for ingress, egress and the rendering of necessary services, is created and granted to and in favor of the holder or holders of this Bond and the issue of which it is a part, and in favor of the holder or holders of the coupons attached thereto, and said Project and the sites thereof shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond and the issue of which it is a part; and shall continue in full force and effect so long as any of the said "University of Kentucky Student Housing Bonds of 1964," remain outstanding and unpaid.

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 that the amount of this Bond, together with all other obligations of said Board of Trustees and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said Project will be continuously operated, and that the gross income and revenues therefrom has been pledged to and will be set aside into said Bond and Interest Sinking Fund as required by the Indenture for the payment of the principal of and interest on this Bond and the issue of which it is a part, as the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky, at Lexington, Kentucky, has caused this Bond to be executed in its name and behalf by the authorized facsimile of the signature of its Chairman, and has caused the authorized facsimile of its corporate seal to be imprinted hereon, attested by the manual signature of its Secretary; and has caused the coupons hereto attached to be executed with the authorized facsimile signatures of said Chairman and Secretary; all being done as of the first day of March, 1964.

BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

(FACSIMILE
OF SEAL)

(Facsimile)

ATTEST:

(Manual Signature)
Secretary, Board of Trustees

(FORM OF COUPON)

Number _____

\$ _____

*Unless the Bond to which this coupon is appurtenant shall have been called for redemption and funds for the payment thereof are duly provided, * on the first day of _____, _____, the Board of Trustees of the University of Kentucky, at Lexington, 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 "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964" at the principal office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Kentucky, or at the option of the holder hereof, at the

principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, as provided in and for interest then due on its University of Kentucky Student Housing Bond of 1964, dated as of March 1, 1964, Number _____.

(Facsimile)

 Chairman, Board of Trustees
 University of Kentucky

(Facsimile)

 Secretary, Board of Trustees

(*Passage between asterisks to appear only in coupons to which applicable.)

CERTIFICATE OF TRUSTEE

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

FARMERS BANK & CAPITAL TRUST
 COMPANY
 Frankfort, Kentucky, Trustee

By _____ (Manual Signature)
 Authorized Officer

(FORM OF REGISTRATION TO BE PRINTED ON BACK OF EACH BOND)

Date of Registration	Name of Registered Holder	Signature of Authorized Officer of Trustee

AND WHEREAS, the fully registered Bond or Bonds without coupons issuable hereunder shall be in substantially the form set forth below (with appropriate insertions and changes therein as to principal amounts, dates, dates of maturity of principal installments, names of payees, and otherwise as may be required in the event that only certain maturities of the Bonds shall have been purchased by the Government of the United States and/or by any other purchaser or purchasers), to-wit:

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY

STUDENT HOUSING BOND OF 1964

No. R-1

\$ _____

The Board of Trustees of the University of Kentucky, at Lexington, Kentucky, a body corporate, as an Educational Institution and Agency of the Commonwealth of Kentucky, (Hereinafter called "Board" or "Borrower"), for value received, hereby promises to pay, solely from the special fund provided therefor, as hereinafter set forth, to / the UNITED STATES OF AMERICA, HOUSING AND HOME FINANCE ADMINISTRATOR, or his successor (herein sometimes called the "Payee"), or of his registered assigns (herein sometimes called the "Alternate Payee")^{1/} the principal sum of _____ Dollars (\$ _____), on the first day of March in years and installments as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
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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, and in like manner solely from said special fund to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of _____% per annum, semiannually, on March 1 and September 1 of each year, commencing on September 1, 1964, until the principal amount hereof has been paid. During the time the Payee is the registered owner of this Bond payment of the principal installments and interest due shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia, or such other fiscal agent as the Payee shall designate (herein called the "Fiscal Agent"). During

^{1/} This designation to be used where bonds have been awarded to the Government.

such time as an Alternate Payee is the registered owner hereof, said payments shall be made at the principal office of Farmers Bank & Capital Trust Company, the Trustee under the Indenture, hereinafter mentioned, pursuant to which this Bond is issued, in the City of Frankfort, Kentucky, or its successor as such Trustee, or, at the option of the Alternate Payee, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City and State of New York (herein called the "Alternate Paying Agent"). Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted on the Payment Record made a part of this Bond, and if payment is made at the office of the Fiscal Agent or Alternate Paying Agent, written notice of the making of such notations shall be promptly sent to the Borrower at the office of the Trustee, and such payment shall fully discharge the obligation of the Borrower hereon to the extent of the payments so made. Upon final payment of principal and interest this Bond shall be submitted to the Trustee for cancellation and surrender to the Borrower.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of \$640,000, all of said Bonds being of the same tenor and effect (except for numbers, denominations, maturity dates, interest rates), issued for financing the costs, not otherwise provided, of the project consisting of four (4) small dormitories with appurtenant facilities, including kitchen and dining facilities, on the campus of said University in Lexington, Fayette County, Kentucky, to house approximately 40 to 48 students each as particularly identified in the Trust Indenture hereinafter referred to (referred to as the "Project") 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 a Trust Indenture (said Indenture, together with all indentures supplemental thereto as therein permitted, being hereinafter called the "Indenture"), dated March 1, 1964, executed by and between said Board of Trustees of the University of Kentucky and Farmers Bank & Capital Trust Company, 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 and limitation of 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.

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 proceeding 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 the Project the same to be applied first to the payment of principal of and interest on said Bonds as the same become due, to provide reserves for such purposes, to provide reserves for certain maintenances, repairs and replacements, and to the extent thereafter available for the payment of Current Expenses of the Project as the same are specifically defined in the Indenture to which reference is hereby made. The Indenture provides for the creation of a special fund designated "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964" (herein called the "Sinking Fund Account of 1964"), and for the deposit to the credit of said Sinking Fund Account of 1964 of a fixed amount of the gross income and revenues of said Project to be used to pay principal of and the interest on the Bonds as the same become due, and to provide a reserve for such purpose, which Sinking Fund Account of 1964 is pledged to and charged with the payment of said principal and interest.

As provided in the Indenture, this Bond is exchangeable at the sole expense of the Borrower, at any time, upon ninety days' notice, at the request of the registered owner hereof and upon surrender of this Bond to the Borrower at the office of the Trustee in the City of Frankfort, Kentucky, for negotiable coupon bonds, payable to bearer, registrable as to principal only, of the denomination of One Thousand Dollars (\$1,000) each, in an aggregate principal amount equal to the unpaid principal amount of this Bond, and in the form of such coupon Bond as provided for in the Indenture.

PREPAYMENT PROVISIONS

The Board reserves the right to prepay installments of principal on account of the Bonds prior to their respective payment dates, as follows:

- (a) Surplus funds in the "Construction Fund," in excess of the amount required to be deposited by the Board, as provided in the Indenture, in said "Construction Fund," to provide for the difference between \$640,000 and the estimated cost of the Project, will be applied to the prepayment of installments of principal in the inverse order of their maturities;
- (b) Installments of principal shall be subject to prepayment from the proceeds of insurance in the event of damage or destruction of the Project facilities as provided in the Indenture;
- (c) The Board reserves the right to prepay installments of principal maturing after March 1, 1999, or any portion thereof as it may determine upon , in the inverse chronological order and in multiples of \$1,000 each, on any interest payment date at the principal amount thereof plus accrued interest to the date of prepayment, prior to prepayment of any installments of principal which are subject to prepayment at a premium;

(d) Installments of principal maturing March 1, 1967 through March 1, 1974, inclusive, are not subject to prepayment except through the application of the proceeds of insurance, as aforesaid.

Installments of principal maturing March 1, 1975 through March 1, 1999, inclusive, respectively, are subject to prepayment at the option of the Board in multiples of \$1,000, and in inverse chronological order, on any interest payment date after March 1, 1974, upon notice as hereinafter provided, at the principal amount thereof plus accrued interest to the date of such prepayment and a premium (expressed in terms of a percentage of the principal amount of such prepayments) according to the following schedule:

3% if prepaid September 1, 1974 through March 1, 1979, inclusive,
 2-1/2% if prepaid September 1, 1979 through March 1, 1984, inclusive,
 2% if prepaid September 1, 1984 through March 1, 1989, inclusive,
 1-1/2% if prepaid September 1, 1989 through March 1, 1994, inclusive,
 1% if prepaid after March 1, 1994.

Notice of any such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date, the amount of principal and the premium, if any, to be prepaid.

A statutory mortgage lien which is hereby recognized as valid and binding on the Project and those portions of the sites physically occupied thereby, and all necessary appurtenances, including adequate provision for ingress, egress and the rendering of necessary services, is created and granted to and in favor of the holder or holders of this Bond and the issue of which it is a part, and in favor of the holder or holders of the coupons attached thereto, and said Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond and the issue of which it is a part, and shall continue in full force and effect so long as any of the said "University of Kentucky Student Housing Bonds of 1964" remain outstanding and unpaid.

This Bond may be assigned and upon such assignment the assignor shall promptly notify the Borrower at the office of the Trustee by registered mail, and the Alternate Payee shall surrender the same to the Trustee either in exchange for a new fully registered Bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

In case any event of default, as defined in the Indenture, shall occur, the principal of this Bond may be declared or may become due and payable in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of the principal of or interest on this Bond against any officer, director, trustee, or member of the Borrower, as such, all such liability (if any) being hereby expressly waived and released by every registered holder or transferee hereof by the acceptance hereof, and as a part of the consideration hereof, as provided in the Indenture.

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 that the amount of this Bond, together with all other obligations of said Board of Trustees and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project will be continuously operated, and that the gross income and revenues therefrom have been pledged to and will be set aside into said Sinking Fund Account of 1964 for the payment of the principal of and interest on this Bond and the issue of which it is a part, as the same will respectively become due.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory unless it shall have been authenticated by the Trustee, or its successor in the Trust, by completing the Certificate of Trustee appearing hereon.

IN WITNESS WHEREOF, the Board of Trustees of the University of Kentucky, at Lexington, Kentucky, has caused this Bond to be executed in its name by its Chairman, and has caused its corporate seal to be impressed hereon, attested by the signature of its Secretary, all as of the first day of March 1964.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY

(Manual Signature)

Chairman

(SEAL)

ATTEST:

(Manual Signature)

Secretary, Board of Trustees

(FORM OF TRUSTEE'S CERTIFICATE)

CERTIFICATE OF TRUSTEE

This Bond is the /a/ Fully Registered Bond as described in the within mentioned Indenture.

FARMERS BANK & CAPITAL TRUSTCOMPANY
Frankfort, Kentucky, Trustee

By (Manual Signature)
Authorized Officer

(FORM OF ASSIGNMENT)

Without representation, warranty or recourse, the within Bond is hereby assigned unto _____, this _____ day of _____, 19____.

Witness

Payee

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance Due</u>	<u>Interest Payment</u> (<u> </u> %)	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Official & Title</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(enter dates for principal and interest)

(enter amounts) (leave blank) (leave blank) (leave blank)

(80 due dates-leave one-half inch space between each due date, etc. for manual interlining, if necessary; also half a page at end for any explanation which might be required)

SCHEDULE "A"
(This should be separate sheet)

<u>Principal installments on which payments have been made prior to maturity</u>				
<u>Principal Due</u> <u>Date Amount</u>	<u>Principal</u> <u>Payment</u>	<u>Balance</u>	<u>Date</u> <u>Paid</u>	<u>Name of Paying Agent</u> <u>Authorized Official</u> <u>and Title</u>

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 or required by the laws of the Commonwealth of Kentucky or otherwise 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 for the security of the Bonds, according to the import hereof, have been duly done and performed;

NOW, THEREFORE, THIS TRUST 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 and may 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 the gross 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 Trust 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, used and intended to have meanings, 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 created and existing under the provisions of Sections 164.130 et seq., of the Kentucky Revised Statutes, or its Executive Committee created and elected pursuant to Section 164.190 of the Kentucky Revised Statutes, when exercising the power delegated to it by the Board.
- (c) "Trustee" - Farmers Bank & Capital Trust Company, created and existing under 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, Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.
- (e) "Bonds" - The Bonds issued pursuant to the provisions of this Indenture.
- (f) "Revenue Fund Account of 1964" - The "University of Kentucky Student Housing Revenue Fund Account of 1964," created in this Indenture to be established by the Board under the terms and conditions of this Indenture.
- (g) "Sinking Fund Account of 1964" - The "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964" created by this Indenture.
- (h) "Repair and Replacement Reserve Account of 1964" - The University of Kentucky Student Housing Repair and Replacement Reserve Account of 1964" established in this Indenture for the purpose of paying the costs of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovation or replacement of furniture and equipment not paid as a part of the ordinary and normal expense of the operation of the Project, as defined in (j), infra.
- (i) "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 of the Bonds), together with any other funds appropriated by the Board of Trustees as a contribution to the costs of the development of the Project.

- (j) "Project" - Four (4) small dormitories with appurtenant facilities including kitchen and dining facilities upon portions of the campus of the University of Kentucky, which portions or sites are particularly described in Article Twelve hereof.
- (k) "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.
- (l) "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.
- (m) "Treasurer" - The Treasurer, and each and every Assistant Treasurer, and each and every other officer of the Board authorized to exercise the power sand authority reposed in the Treasurer of the Board.
- (n) "Counsel" - Any counsel appointed by the Board, including any counsel in the employ of the Board or the University and so appointed.
- (o) "Engineer" - Any licensed architect or engineer appointed by the Board, including any such architect or engineer in the employ of the Board or the University and so appointed.
- (p) "Fiscal Year" - The fiscal year shall be the twelve (12) months period beginning July 1 and ending June 30 of the following year.

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

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

ARTICLE TWO

EXECUTION, AUTHENTICATION, REGISTRATION AND EXCHANGE OF BONDS

Section 2.01. Save as is herein provided in respect to mutilated, lost, destroyed or stolen Bonds (and Coupon Bonds issued in exchange for Bonds issued in Fully Registered Form as hereinafter authorized) and in respect to transfers and exchanges, Bonds may be issued hereunder to the aggregate principal amount of Six Hundred Forty Thousand Dollars (\$640,000.00) and no more. The Bonds shall be issued as Coupon Bonds in the denomination of One Thousand (\$1,000.00) Dollars, registrable as to principal only, or as one or more Fully Registered

Bonds, in form or forms substantially as hereinabove set forth, and numbered as hereinafter provided. The principal of each Bond and the interest thereon shall be payable at the office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Franklin County, Kentucky, or at the principal office of its successor in trust under this Indenture, or, at the option of the holder, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, 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 Trust Indenture.

Section 2.02. The Bonds shall bear interest at an average of no more than three and three-eighths per cent (3-3/8%) per annum, such rate or rates applicable to the Bonds to be established upon the basis of competition among bidders when said Bonds are sold at an advertised, public, competitive sale, as herein provided. All such interest to the respective maturity dates of principal of Bonds issued in Coupon Form shall be evidenced by coupons attached to the Bonds, payable semiannually on each March 1 and September 1, beginning September 1, 1964; but any coupons past due at the time of delivery may either not be manufactured, or, if manufactured, detached and destroyed prior to delivery. Subject to the reserved rights of redemption of the Bonds, which are issued in the form of Coupon Bonds, and principal installments of said Bonds issued in Fully Registered Form, prior to maturity as provided in each of the above authorized FORMS OF BONDS, and in ARTICLE THREE of this Indenture, said Coupon Bonds shall be numbered and mature as to principal on March 1 of the respective years, in accordance with the following schedules, which, in the columns identified as "Principal Amount" and "Date of Maturity" also represent the amounts and maturity dates of installments of principal of such Bonds as may be issued in Fully Registered Form:

SCHEDULE OF PRINCIPAL MATURITIES

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1-9	\$ 9,000.00	March 1, 1967
10-18	9,000.00	March 1, 1968
19-27	9,000.00	March 1, 1969
28-37	10,000.00	March 1, 1970
38-47	10,000.00	March 1, 1971
48-57	10,000.00	March 1, 1972
58-68	11,000.00	March 1, 1973
69-79	11,000.00	March 1, 1974
80-90	11,000.00	March 1, 1975
91-102	12,000.00	March 1, 1976
103-114	12,000.00	March 1, 1977

115-127	\$13,000.00	March 1, 1978
128-140	13,000.00	March 1, 1979
141-153	13,000.00	March 1, 1980
154-167	14,000.00	March 1, 1981
168-181	14,000.00	March 1, 1982
182-196	15,000.00	March 1, 1983
197-211	15,000.00	March 1, 1984
212-227	16,000.00	March 1, 1985
228-243	16,000.00	March 1, 1986
244-259	16,000.00	March 1, 1987
260-276	17,000.00	March 1, 1988
277-294	18,000.00	March 1, 1989
295-312	18,000.00	March 1, 1990
313-331	19,000.00	March 1, 1991
332-350	19,000.00	March 1, 1992
351-370	20,000.00	March 1, 1993
371-391	21,000.00	March 1, 1994
392-412	21,000.00	March 1, 1995
413-434	22,000.00	March 1, 1996
435-457	23,000.00	March 1, 1997
458-481	24,000.00	March 1, 1998
482-505	24,000.00	March 1, 1999
506-530	25,000.00	March 1, 2000
531-556	26,000.00	March 1, 2001
557-583	27,000.00	March 1, 2002
584-611	28,000.00	March 1, 2003
612-640	29,000.00	March 1, 2004

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 may direct upon the basis of a notice published by the Board one time in a newspaper of statewide general circulation in the Commonwealth of Kentucky, and one time in The Bond Buyer, a financial journal published in New York, New York, and of general circulation among bond buyers 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 its duly authorized Executive Committee. Such notice shall be published not less than seven (7) days nor more than twenty-one (21) days in advance of the date set forth therein for the opening and consideration of purchase bids. The Coupon Bonds shall be executed on behalf of the Board by the reproduced facsimile of the signature of its Chairman and a facsimile reproduction of the corporate seal shall be imprinted thereon, attested by the manual signature of its Secretary; and the interest coupons appurtenant to any Bonds issued in Coupon Form shall be executed by the reproduced facsimile signatures of the Chairman and Secretary. The Bonds shall then 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 said Bonds, and deliver the same to such officer or officers of the Board as may be designated to the Trustee. Such

officer or officers shall make delivery of said Bonds to the purchaser or purchasers, but only upon payment of the purchase price, which shall immediately be deposited to the credit of the special funds or accounts, as hereinafter provided.

Only Bonds as shall bear thereon endorsed a certification of authentication in substantially the form hereinbefore recited, executed on behalf of the Trustee by its authorized officer 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 this Indenture.

The Bonds shall be prepared and printed in compliance with standard requirements and specifications.

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, (or whose facsimile signature as such officer shall have been caused to appear on any Bond or interest coupon) shall have ceased to be such officer before the Bond so signed, sealed or attested (by facsimile signature or otherwise) shall have been actually authenticated by the Trustee and delivered to the purchaser, such Bond nevertheless may be authenticated and delivered and issued as though the person who signed, sealed or attested such Bond (by facsimile signature or otherwise) had not ceased to be such officer.

Any Bond issuable hereunder may be signed, sealed or attested in behalf of the Board (by facsimile signature, or manual signature, as herein provided) by any person who at the actual date of the execution or authentication of such Bond is the proper officer of the Board, notwithstanding that at the date of such Bond such person shall not have been such officer.

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 or Secretary, notwithstanding the fact that either or both of them may have ceased to be such Chairman or 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 registration 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 such 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, and is hereby officially designated as the Registrar for such purposes.

All Coupon 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 Coupon 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 at the written request of the registered owner or 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 negotiability and 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, except any taxes or other governmental charges required to be paid with respect to the same.

Section 2.06. Before authenticating any Coupon Bonds the Trustee shall cut off and cancel all matured coupons, if any, thereon and the Trustee shall deliver to the Board a certificate of such cancellation; provided, however, that if at the time the Coupon Bonds are caused to be printed or otherwise manufactured, it shall be apparent that one or more interest coupons will be past due by the time of delivery thereof, the manufacturer may be instructed not to manufacture such past-due coupons, in which event a certificate or letter of the printer or manufacturer of the Bonds shall be furnished to the Trustee, and may be accepted by the Trustee as evidence 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 or Bonds hereby secured, and of indemnity satisfactory to them, and upon surrender and cancellation of such Bond or Bonds if mutilated, the Board may execute and the Trustee may authenticate and there may be delivered, a new Bond or Bonds of like tenor, maturity and serial numbering in lieu of such lost, stolen, destroyed or mutilated Bond or Bonds. Each such new Bond may bear such endorsement as may be agreed upon by the Board and by the Trustee to be necessary to evidence that it has been issued in lieu of a lost, stolen, destroyed or mutilated Bond. The Board may require the payment of the expenses which may be incurred by the Board and the fees and expenses of the Trustee in the premises.

In the event such destroyed or mutilated Bonds, or any of them, shall be due and payable within a reasonable time after notice to the Board and the Trustee of such destruction or mutilation, the Board and the Trustee may, by agreement with the claimant, with like security provisions to protect the Board and the Trustee from loss, enter into a written agreement to pay the same when

due, instead of causing a Bond or Bonds to be manufactured or delivered for that purpose.

Section 2.08. As to all Coupon 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. The Board, the Trustee, and the Paying Agents may deem and treat the bearer of any Coupon Bond which shall not at the time be registered as to principal, otherwise than to bearer, 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, the Trustee and the Paying Agents shall not be affected by any notice to the contrary.

Section 2.09. In the event any Bond issued in fully registered form shall be tendered to the Trustee with a request that Coupon Bonds be issued in substitution therefor, according to the Board's covenant and agreement in that connection, as set forth in the "FORM OF FULLY REGISTERED BOND" appearing in the preamble hereof, the Trustee shall be authorized to cause appropriate Coupon Bonds to be prepared, whereupon the proper officers of the Board shall execute the same as hereinabove provided and return the same to the Trustee; and the Trustee shall thereupon authenticate the same and make delivery thereof upon surrender of the aforesaid Bond in fully registered form, which shall then immediately be cancelled by the Trustee.

ARTICLE THREE

REDEMPTION OF BONDS AND PREPAYMENT OF PRINCIPAL INSTALLMENTS

Section 3.01. The right is hereby reserved to the Board to redeem any or all of the Bonds through application of the proceeds of hazard insurance, as provided in ARTICLE FIVE of this Indenture.

Otherwise, the right is hereby reserved to call and redeem Bonds numbered 506 to 640, inclusive, and to prepay the corresponding installments of principal of fully registered Bonds, upon the provisions which are particularly set forth in the "FORMS OF BONDS" which are set forth in the preamble of this Indenture.

In case the Board shall desire to exercise its right of redemption as to any such Coupon Bonds, it shall cause to be filed 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 cause notice of such redemption to be published in a financial newspaper or journal of general

circulation published in the English language in the City of New York, New York, at least once not less than 30 days before the date fixed for redemption, such published notice to identify the Bonds to be redeemed and to state that interest will cease to accrue thereon from and after the specified redemption date. If any of the Coupon Bonds to be redeemed are at the time 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 who respectively appear by the transfer register of the Board to be registered owners of such Bonds, at their addresses as the same shall appear, 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 Coupon Bonds.

In case the Board shall desire to exercise its right to prepay installments of principal (or portions of an installment in multiples of \$1,000.00, as permitted), the same notice shall be given to the holder or holders, except that no newspaper publication shall be required.

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 in cash sufficient to effect the redemption of the Coupon Bonds or principal installments of Bonds in fully registered form, 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 Coupon Bonds and/or prepayment of principal installments shall be held in trust for the account of the holders of the Bonds so called for redemption, and shall be paid to them respectively upon presentation and surrender of Coupon Bonds accompanied by all interest coupons, if any, maturing after the date fixed for redemption thereof, and upon presentation of fully registered Bonds for endorsement of prepayment of principal installments, provided, however, if any such Bonds shall be registered, or the whole principal balance of a Bond in fully registered form is prepaid, 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 or principal installments so to be redeemed, and any coupons for interest pertaining to any such Coupon 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 Coupon Bonds so redeemed and all Bonds in fully registered form prepaid in their entirety, shall forthwith be cancelled by the

Trustee, which shall deliver such cancelled Bonds to the Board.

ARTICLE FOUR

DISPOSITION AND CUSTODY 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, including lease payments arising from the operation or ownership of the Project, shall be deposited to the credit of a special fund upon the books and records of the Board to be designated "University of Kentucky Student Housing Revenue Fund Account of 1964" (hereinafter sometimes referred to as the "Revenue Fund Account of 1964"), and which Revenue Fund Account of 1964 is hereby created. Such Revenue Fund Account of 1964 shall be held in the custody of the Treasurer of the Board, separate and apart from all other funds. Such Revenue Fund Account of 1964 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 upon the books of the Trustee to the credit of the Board, to be designated "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964" (hereinafter sometimes referred to as the "Sinking Fund Account of 1964"). So long as any of the Bonds are outstanding the said Sinking Fund Account of 1964 shall be maintained and deposited with the Trustee and shall be used by the Trustee to pay interest as it becomes due on Bonds from time to time, and to pay and to retire the Bonds at or before maturity in accordance with the provisions of this Indenture.

In connection with the establishment and maintenance of the Sinking Fund Account of 1964, the Board covenants and agrees, as follows:

- (1) That initially there will be deposited in the Sinking Fund Account of 1964 the accrued interest, if any, received at the time of the sale of the Bonds, which sum shall be credited against the amount to be deposited into said Account on the next interest payment date.
- (2) As soon as any portion of the Project becomes revenue producing, the Board shall transfer from the Revenue Fund Account of 1964 and/or the Construction Fund Account and deposit to the credit of the Sinking Fund Account of 1964, on or before each February 15 and August 15, such sums as will be sufficient to pay the interest on the outstanding Bonds to become due on September 1, 1964, March 1, 1965, September 1, 1965, and March 1, 1966, respectively. Provided, however, that beginning on or before August 15, 1966, and on or before each succeeding February 15 and August 15, the sum of at least \$20,000 shall be deposited from said Revenue Fund

Account of 1964 into said Sinking Fund Account of 1964 until the funds and/or investments therein are sufficient to meet the interest on the outstanding Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a Debt Service Reserve sufficient to pay during the next succeeding two (2) fiscal years, the principal and interest to become due on all of the then outstanding Bonds, and thereafter on or before each succeeding February 15 and August 15, in like manner, such sums from said sources as may be necessary to meet the interest on the Bonds due on the next interest payment date and one-half of principal due within the succeeding twelve months and maintain the Debt Service Reserve sufficient to pay during the then next succeeding two (2) fiscal years the principal and interest to become due on all the then outstanding Bonds. All such deposits shall be cumulative and a deficiency in any year shall be made up in the subsequent year or years.

Section 4.03. The amount by which the aforesaid payments into the Sinking Fund Account of 1964 exceeds the aggregate amount of interest on and principal of said Bonds then currently becoming due shall be held as a reserve; provided, however, that no further payments need be made into said Sinking Fund Account of 1964 whenever and so long as such amount of the Bonds shall have been retired that the amount then held therein, including the reserve, is sufficient to accomplish retirement of all the Bonds then outstanding and pay all interest that is to be paid on all of such Bonds prior to such retirement.

If, for any reason, there shall be a failure to make any payments into said Sinking Fund Account of 1964, as aforesaid, any sums then held as a reserve shall be used for the payment of any portion of the interest or principal as to which there would otherwise be default.

All moneys held in the Sinking Fund Account of 1964 shall be held, secured and invested by the Trustee, as provided by Sections 4.08 and 4.09 of this Indenture. Said Sinking Fund Account of 1964 shall be used solely and only for the purpose of paying the interest on said Bonds secured hereby and accomplishing retirement of said Bonds at or before maturity, and is hereby irrevocably pledged for that purpose, and shall be used for no other purpose whatsoever. Nothing herein shall prevent the Board from depositing or causing to be deposited to the credit of the Sinking Fund Account of 1964, moneys from other legally available sources in excess of the requirements hereinbefore provided.

Section 4.04. During the thirty days preceding each March 1 and September 1, the Trustee shall transfer from the Sinking Fund Account of 1964, to a special account, funds sufficient to pay all maturing interest or principal and interest, and the Trustee shall remit to the principal office of the New York Paying Agent named herein, funds sufficient to enable said New York Paying Agent to pay maturing principal and interest as are there presented; or the Trustee shall make such arrangements with said New York Paying Agent as to

assure the prompt payment of maturing principal and interest as are there presented. The Trustee shall make similar arrangements in the event of redemption of any Coupon Bonds or prepayment of principal of Bonds in fully registered form, pursuant to ARTICLE THREE of this Indenture.

Section 4.05. There is hereby created a special account upon the books of the Trustee to the credit of the Board, separate and apart from all other accounts and funds, the same to be designated "University of Kentucky Student Housing Repair and Replacement Reserve Account of 1964" (hereinafter sometimes referred to as the "Repair and Replacement Reserve Account of 1964"). So long as any of the Bonds are outstanding the said fund shall be maintained and deposited directly with the Trustee. As soon as the required reserve is accumulated in the Sinking Fund Account of 1964 as required by Section 4.02, the Board shall deposit from the Revenue Fund Account of 1964 on or before the close of each fiscal year the sum of \$5,000.00 annually until the amount accumulated in said Repair and Replacement Reserve Account of 1964, including any investments carried to the credit of said Repair and Replacement Reserve Account of 1964 shall aggregate \$50,000.00 and, thereafter, such sums, but not more than \$5,000.00 annually, as may be required to restore and maintain a balance of \$50,000.00 in the Repair and Replacement Reserve Account of 1964, which fund 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 and equipment not paid as part of the ordinary and normal current expenses of Project operation in the manner provided in Section 4.06 hereof, unless these costs are to be paid by the Lessees from the Board under the terms of their respective leases. However, in the event the funds in the Sinking Fund Account of 1964 should be reduced below the required Debt Service Reserve as required by Section 4.02, funds on deposit in the Repair and Replacement Reserve Account of 1964 shall be transferred to the Sinking Fund Account of 1964 to the extent required to eliminate the deficiency in such Sinking Fund Account of 1964.

Section 4.06. Current expenses of the Project shall be payable after compliance with the provisions of Sections 4.02 and 4.05 hereof from the Revenue Fund Account of 1964 to the extent that they are otherwise not provided for as the same become due and payable. Current Expenses shall include all necessary operating expenses, current maintenance charges, expenses of the reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation of the Project, including reimbursement to the Board for any current expenses paid by the Board from moneys other than those in the Revenue Fund Account of 1964, but shall exclude depreciation, all general administration expenses of the Board, all expenses to be borne by any Lessee in accordance with the terms of its lease; and the payment into the "Repair and Replacement Reserve Account of 1964," provided for in Section 4.05.

Section 4.07. Subject to the maximum deposits required by the foregoing provisions of Sections 4.02 and 4.05, which are cumulative and after paying or providing for Current Expenses of the Project in the manner prescribed in

Section 4.06. excess funds in the Revenue Fund Account of 1964 after first reserving therein an amount equal to the reasonably estimated Current Expenses of the Project for the then ensuing six months in the event the Project facilities are not being operated under lease arrangements which provide for the payment of the Current Expenses of the Project by the Lessees shall be used by the Board on January 1 and July 1 of each fiscal year to redeem outstanding Coupon Bonds or to prepay principal of fully registered Bonds on the next interest payment date, in accordance with the redemption provisions and with due regard for priority of redemption of Bonds redeemable at par, over Bonds redeemable at a premium as set forth in such Bonds, in inverse numerical order and at a price not to exceed the maximum call price, in amounts of not less than \$5,000 par value at one time.

Section 4.08. All moneys deposited with and in the custody of the Trustee under the provisions of this Indenture shall be trust funds 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 and shall be secured in such manner as may at the time 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.

Section 4.09. Moneys held for the credit of the Repair and Replacement Reserve Account of 1964 and the amount thereof in the Sinking Fund Account of 1964 in excess of all Bond principal and interest requirements for the ensuing twelve months' period, 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 unconditionally guaranteed by, the United States Government. Obligations so purchased shall be deemed at all times to be a part of the Repair and Replacement Reserve Account of 1964 and of the Sinking Fund Account of 1964, respectively, and the interest accruing thereon and the proceeds of the sale or retirement thereof shall be credited to the Repair and Replacement Reserve Account of 1964 and to the Sinking Fund Account of 1964, respectively. 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 Repair and Replacement Reserve Account of 1964 or from the Sinking Fund Account of 1964. Neither the Trustee nor the Board shall be liable or responsible for any loss resulting from any such investment.

ARTICLE FIVE

PARTICULAR COVENANTS OF THE BOARD

Section 5.01. The Board covenants and agrees that it has the lawful control of the sites of the Project, that said property is free from any and all liens and encumbrances, and that the Board will warrant and defend the title thereto against all claims and demands whatsoever.

Section 5.02. 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 secured hereby, at the dates and places, and in the manner provided in said Bonds and in any coupons thereunto appertaining, according to the terms thereof and of this Indenture.

Section 5.03. The Board covenants and agrees that upon sale of the Bonds, the Board shall procure and maintain so long as any of the Bonds are outstanding fire and extended coverage insurance on the Project in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed 80 per centum (80%) of the full insurable value of the Project facilities, and also boiler explosion insurance covering any steam boilers serving the Project, in a minimum amount of \$50,000. Such insurance shall be in the State Fire and Tornado Insurance Fund of the Commonwealth of Kentucky, or 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. The Board 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 of such insurance policies, and shall require such deposit if any event of default occurs. If the total received by the Trustee upon all policies shall, in case of any particular loss, be less than the sum of Ten Thousand Dollars (\$10,000), the amount shall be paid over by the Trustee to or upon the order of the Board and shall be applied to the extent required for replacement or repairs of, or substitutes for, the damaged or destroyed property; but the Trustee shall not be obligated to see to the application thereof; that in all other cases the proceeds of any and all insurance on any part of such property which may be received by the Trustee shall be applied by the Trustee as hereinafter in this Section provided. In the event total or substantially total destruction of the Project shall occur, and the Trustee shall recover sufficient insurance proceeds (net after reasonable expenses incident to recovery) to permit, by using such insurance proceeds and moneys then accumulated in the Revenue Fund Account of 1964 the Sinking Fund Account of 1964, the Repair and Replacement Reserve Account of 1964, the full payment and retirement of all outstanding Bonds, the Trustee may in its discretion and shall upon written demand of the holders of twenty-five per cent (25%) or more of the outstanding Coupon Bonds or corresponding principal installments of outstanding fully registered Bonds, apply all such moneys or so much thereof as may be necessary to such payment and retirement. In such event the Bonds which are stated to be non-callable except through application of the proceeds of insurance, shall be and become subject to redemption upon notice given at the time and in the manner herein provided with respect to redemption of Bonds which are stated to be subject to redemption; and the redemption terms applicable to such otherwise non-callable Bonds shall be the same as the highest terms at that time applicable to any outstanding Bonds; and in the event of full retirement of all outstanding Bonds under such circumstances this Indenture shall be of no further effect, and if there be any moneys remaining in the custody of the Trustee under the provisions hereof (after payment of all reasonable expenses and proper charges of the Trustee), the Trustee shall remit

the same to the Board and shall provide to the Board acceptable record evidence of all of the foregoing. In the event of any damage to, or the destruction of, the Project, the Board (unless it elects to pay and redeem all outstanding Bonds) shall promptly arrange for the repair and reconstruction of the damaged or destroyed portion thereof, and shall arrange for the application of the proceeds of the insurance for that purpose, as is hereinafter in this Section provided.

Immediately upon the effective creation of the Sinking Fund Account of 1964 and so long thereafter as the funds and investments of the Sinking Fund Account of 1964 are insufficient to provide current debt service plus the required reserves, the Board will procure and maintain use and occupancy insurance in the amount sufficient to enable the Board to deposit in the Sinking Fund Account of 1964 out of the proceeds of such insurance an amount equal to the sum which would normally have been available for deposit in such Sinking Fund Account from the revenues of the damaged facilities during the time the damaged facilities are non-revenue producing as a result of loss of use caused by hazards covered by fire and extended coverage insurance.

All insurance moneys (except the proceeds of use and occupancy insurance, which shall be deposited in the Sinking Fund Account of 1964 and all property insurance in amounts of less than Ten Thousand Dollars (\$10,000) 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 order 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 replacement, 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 Account of 1964 provided for by ARTICLE FOUR hereof, and such moneys shall be applied to the retirement of Bonds.

Section 5.04. The Board covenants and agrees that so long as any of the Bonds are outstanding the Board will, if such insurance is not already

in force, procure and maintain public liability insurance with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident to protect the Board from claims for bodily injury and/or death which may arise from the operation of the Board including any use or occupancy of its grounds, structures and vehicles; provided, however, such public liability insurance need not be procured and maintained so long as provision is otherwise made by law for disposition of claims against the Board and/or the University, of such character as would be covered thereby.

Section 5.05. The Board covenants and agrees that it will at all times maintain, preserve and keep the Project facilities 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 to the extent other funds are not available, the Board shall set apart, use and apply funds in the Repair and Replacement Reserve Account of 1964 for the foregoing purposes.

Section 5.06. 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 ARTICLE TEN 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.

Section 5.07. 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 to secure the payment of said Bonds, and that the Board has complete and lawful authority and privilege to construct, maintain and operate the Project.

Section 5.08. 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 5.09. The Board covenants and agrees upon completion of the Project facilities 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 moveable equipment necessary to the full enjoyment of the use and occupancy of the Project.

Section 5.10. 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 for the use of the Project facilities as may be necessary (1) to assure maximum use of the Project and (2) to provide for (a) the debt service on the Bonds, (b) the required reserve therefor, (c) the Repair and Replacement Reserve Account of 1964, and (d) the operation and maintenance expenses thereof; and that it will set up and maintain reserves specifically required hereunder.

Section 5.11. The Board covenants and agrees not to render or cause to be rendered any free service of any nature by the Project or to establish any preferential rates for users of the same class, and to fix and collect reasonable fees, rentals and other charges from all students or others using or being served by the Project.

Section 5.12. The Board covenants and agrees 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, in writing, copies of audit reports prepared by an independent public accountant reflecting in reasonable detail the financial condition and record of operation of the Project and the University.

ARTICLE SIX

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 6.01. A fund is hereby created and designated "University of Kentucky Student Housing Construction Fund of 1964" (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, which is required by Section 4.02 hereof to be deposited in the Sinking Fund Account of 1964). The moneys in the Construction Fund shall be paid to the State Treasurer of the Commonwealth of Kentucky and held in trust (with any supplemental funds provided from other sources) and applied on orders of the Board 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 6.02. The Board covenants and agrees that prior to the issuance of any Bonds hereby authorized, it will deposit or cause to be deposited in the Construction Fund the sum equal to the difference between the amount of the Bond proceeds, exclusive of accrued interest, and the estimated development costs of the Project, i.e., \$67,500, 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, which together with the Bond proceeds will be sufficient to assure payment of all costs of the Project.

Section 6.03. 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;

(b) the interest accruing upon the Bonds during construction;

(c) 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 planning or construction or in connection with the issuance of the Bonds;

(d) 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 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 the Loan Agreement between the Board and the United States of America, dated as of March 1, 1963, as amended, in the amount of \$3,100.00.

Section 6.04. Any moneys remaining in the Construction Fund after all costs of the Project shall have been paid but not in excess of the amount deposited by the Board in the Construction Fund as provided in Section 6.02, shall be paid over to the Board; and any further balance shall be deposited by the Trustee to the credit of the Sinking Fund Account of 1964, and, except for any portion of such balance remaining under \$1,000 shall be used 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.

Section 6.05. Before any payment shall be made from the Construction Fund, there shall be filed a requisition for such payment signed by the Vice President For Business Affairs and Treasurer 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 of the University, notice of institution of any claim or legal proceedings 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 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 insofar as any obligation mentioned in such requisition was incurred for work, materials, supplies or equipment in connection with the Project, such work was actually performed, or such materials, supplies or equipment was actually delivered or installed at the sites of the Project for that purpose, or delivered for fabrication at a place approved by the Vice President for Business Affairs of the University and by the Engineer 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 will be sufficient to pay all costs of the Project.

Section 6.06. All requisitions received by any depository of the Construction Fund as required in this Article shall be retained in the possession of said depository, 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.

ARTICLE SEVEN

SUPPLEMENTAL INDENTURES

Section 7.01. 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 evidence the succession of another public corporation or state agency to the Board and the assumption by such successor of the covenants and obligations of the Board in the Bonds hereby secured and in this Indenture;

(2) To evidence the succession of another bank or trust company as Trustee as herein otherwise permitted and provided and the acceptance by and on behalf of such successor of the provisions of this Indenture; 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 7.02. 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.

ARTICLE EIGHT

REMEDIES

Section 8.01. That for the protection of the holders of the Bonds secured by this Indenture and the interest coupons thereto attached a statutory mortgage lien upon said Project and all properties connected therewith and belonging thereto is granted and created by Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien is hereby recognized and declared to be valid and binding as provided by law, and shall take effect immediately upon the delivery of any of said Bonds. The Trustees may, and upon the written request of the holders of not less than twenty-five per cent (25%) of the principal

amount of the Bonds then outstanding, shall, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties required by law, including the charge, collection and accounting for sufficient rents, fees and charges, and the segregation and application of the income and revenues as provided by this Indenture.

Section 8.02. 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 the 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 cent (15%) in principal amount of the Bonds then outstanding.

Section 8.03. Upon the happening and continuance of any event of default specified in Section 8.02 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 cent (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 Account of 1964 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 the written request of the holders of not less than twenty-five per cent (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.

Section 8.04. Upon the happening and continuance of any event of default specified in Section 8.02 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 cent (15%) in principal amount of the Bonds then outstanding hereunder shall proceed 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, 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 Account of 1964 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 8.05. 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 8.03 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 become 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 EIGHT 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 8.03 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 8.01 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 8.06. 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 8.07. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds at the time outstanding hereunder shall have the right, 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 8.08. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by the

Trustee 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. No remedy herein conferred upon or reserved to the Trustee 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. 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 holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

ARTICLE NINE

RELEASE AND DISCHARGE OF INDENTURE

Section 9.01. Whenever the Board shall pay, or cause to be paid, the full amount 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, if any) the entire amount due and to become due thereon, 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, and shall pay the Trustee in full for all services rendered by it hereunder, 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 further payments from the revenues hereby pledged shall thereupon cease, terminate and become void, except as to payment of the moneys held by the Trustee which shall be applied by said Trustee 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 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 9.02. The satisfaction and discharge of this Indenture pursuant to 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 TEN

CONCERNING THE TRUSTEE

Section 10.01. The Trustee hereby accepts the trusts 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) Except for the authentication of Bonds, 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 indentures or instrument of further assurance of for the validity thereof, 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 the Project, or 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 and by the provisions of this Indenture. The Trustee shall not be obligated to pay interest on such moneys, save such as it shall agree to

pay thereon. 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 required 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 and holder of such Bond.

(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 if 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 form therein set forth has been adopted by the Board, 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 in the absence of negligence or fault 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 reasonably believed by it to be within the discretion or power conferred upon it by this Indenture or in the absence of negligence or fault 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.

(h) 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 the Project including

all books, papers and contracts, the records and accounts of the Board and University and to take such memoranda from and in regard thereto as may be desired.

(i) 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 to the premises.

Section 10.02. The Trustee may at any time resign and be discharged of the trusts hereby created by mailing written notice to the Board 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 English language in the City of Louisville, Kentucky, and (b) in a financial newspaper or journal published in the English language 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 in this Article provided, and in such event such resignation shall take effect immediately on the appointment of such successor Trustee.

Section 10.03. 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 10.04. 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 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. Each successor Trustee appointed pursuant to the provisions of this Indenture shall be a trust company or bank with its principal office in the Commonwealth of Kentucky and having a reported combined capital and surplus of at least One Million Dollars (\$1,000,000).

Section 10.05. 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 rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of the Board execute and deliver an instrument transferring to such successor Trustee all the 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 conveyance or instrument in writing from the Board be required by any successor for more fully and certainly vesting in such Trustee the rights, powers and duties hereby vested or intended to be vested, in the predecessor Trustee, any and all such conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

ARTICLE ELEVEN

MISCELLANEOUS PROVISIONS

Section 11.01. 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, as hereinbefore provided, 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 funds sufficient to pay 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, 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, if any, 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 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.

Section 11.02. 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 holder 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, provided the security of any bondholder is not thereby impaired; 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 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 upon any of the property subject to such 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.

Section 11.03. 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 11.04. 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, if any, 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 11.05. Any request, declaration or other instrument required or permitted by this Indenture to be made or given 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, declaration, or other instrument, or of a writing appointing any such attorney, and of the holding by any person or 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 with regard to due action taken by the Trustee under such request, declaration, or other instrument, if made in the following manner:

The amount of interest coupons held by any person executing such 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 an accompanying 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 11.06. 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 11.07. If there should be any misapplication of the proceeds of the Bonds, such misapplication shall not affect the validity of the Bonds.

Section 11.08. 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 TWELVE

IDENTIFICATION OF THE PROJECT

Section 12.01. The "Project" as referred to throughout this Indenture, is hereby identified as four (4) small dormitories with appurtenant facilities, including kitchen and dining facilities, on a portion of the campus of the University to house approximately forty (40) to forty-eight (48) students each, described as follows:

SMALL DORMITORY SITE - No. 1 -- (401 and 405 Columbia Avenue):

A tract of land on the University of Kentucky campus in Lexington, Fayette County, Kentucky, composed of two lots presently identified as 401 and 405 Columbia Avenue, and more particularly described as follows:

Beginning at a point on the north side of Columbia Avenue and corner to Pennsylvania Avenue thence running along Columbia Avenue 100 feet; thence in a line parallel with Pennsylvania Avenue in a northerly direction 150 feet; thence in a westerly direction and on a line parallel with Columbia Avenue 100 feet to Pennsylvania Avenue; thence along Pennsylvania Avenue in a southerly direction 150 feet to the point of beginning; being lots 17 and 18 of the Clifton Heights Land Company's Addition to the City of Lexington, recorded in Plat Book 1, page 70, Fayette County Court Clerk's Office, and being as shown on the Survey Plat of Wallace T. Bennett, Jr., dated August 21, 1961 (for lot 17) and the Survey Plat of Cecil C. Harp, dated September 20, 1961 (for lot 18); and the said lots being further the property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky by deed dated August 23, 1961, from Katherine Christopher Bramlett, a widow, of record in Deed Book 722, page 391 (lot 17) and by deed dated September 27, 1961, from Frank Bromley and Pearl Bromley, his wife, of record in Deed Book 725, page 430 (lot 18), in the Fayette County Court Clerk's Office.

SMALL DORMITORY SITE - No. 2 -- (410, 412, and 414 Rose Lane):

A tract of land on the University of Kentucky Campus in Lexington, Fayette County, Kentucky, composed of three lots presently identified as 410, 412 and 414 Rose Lane, and each lot being more particularly described as follows:

(410 Rose Lane) All of Lot 10 in Block 9 of the Aylesford Land Company's Third Amended Plat to the City of Lexington (of record in Plat Book 1, pages 140 and 141 in the Fayette County Court Clerk's Office); said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 190 feet; and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky by deed from Benjamin I. Biggerstaff and his wife, Ruby B. Biggerstaff, dated September 30, 1958, and of record in Deed Book 654, page 375, in the office of the Clerk of the Fayette County Court.

(412 Rose Lane) All of Lot 11 in Block 9 of the Aylesford Land Company's Subdivision as shown by plat of record in Plat Book 1, pages 140 and 141; said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 190 feet; and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from the Heirs of R. R. Early, dated March 10, 1962, of record in Deed Book 736, p. 543 in the office of the Clerk of the Fayette County Court.

(414 Rose Lane) All of Lot 12, Block 9, of the Aylesford Land Company's Subdivision as shown by plat of record in Plat Book 1, pages 140 and 141; said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 190 feet, and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from Sam Hale and his wife Minnie Hale by deed dated September 1, 1961, and of record in Deed Book 723, page 180 in the office of the Clerk of the Fayette County Court.

SMALL DORMITORY SITE - No. 3--(420, 422, and 424 Rose Lane):

A tract of land on the University of Kentucky Campus in Lexington, Fayette County, Kentucky, composed of three lots presently identified as 420, 422, and 424 Rose Lane, and each lot being more particularly described as follows:

(420 Rose Lane) All of Lot No. 15, Block 9 of the Aylesford Land Company's Subdivision as shown by plat of record in Plat Book 1, pages 140 and 141 in the Fayette County Court Clerk's Office; said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 190 feet, and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from Harvey W. Poor and his wife Emma Moore Poor by deed dated April 19, 1958, of record in Deed Book 644, page 117, in the Fayette County Court Clerk's Office.

(422 Rose Lane) All of Lot No. 16, Block 9, of the Aylesford Land Company's Subdivision as shown by plat of record in Plat Book 1, pages 140 and 141 in the Fayette County Court Clerk's Office; said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 190 feet, and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from Roscoe Brong and his wife Virginia Brong by deed dated December 31, 1959, of record in Deed Book 684, p. 114, in the Fayette County Court Clerk's Office.

(424 Rose Lane) All of Lot No. 17, Block 9, of the Aylesford Land Company's Subdivision as shown by the third amended plat of record in Plat Book 1, pages 140 and 141, in the Fayette County Court Clerk's Office; said lot fronting 50 feet on the south side of Rose Lane and extending back between parallel lines a distance of 230 feet, and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from Louise B. Farra and her husband, James A. Farra, by deed dated April 30, 1962, of record in Deed Book 740, page 170, in the office of the Fayette County Court Clerk.

SMALL DORMITORY SITE - No. 4--(455 and 459 Clifton Avenue):

A tract of land on the University of Kentucky campus in Lexington, Fayette County, Kentucky, composed of two lots presently identified as 455 and

459 Clifton Avenue, and each lot being more particularly described as follows:

(455 Clifton Avenue) Beginning at a point on the north side of Clifton Avenue fifty-four and one-half (54-1/2) feet west of Woodland Avenue at corner to Lot No. 72; thence along Clifton Avenue in westerly direction fifty (50) feet to corner to Lot No. 70; thence with line of Lot No. 70 and in a northerly direction one hundred and eighty-five and one-half (185-1/2) feet, more or less, to an alley; thence with line of said alley and in an easterly direction fifty (50) feet to another corner to Lot No. 72; thence with line of last mentioned lot and in a southerly direction one hundred and eighty-five and one-half (185-1/2) feet, more or less, to the beginning; being all of Lot No. 71 in what is known as the Clifton Heights Land Company's subdivision of Lexington, Kentucky, a plat of which is recorded in the Fayette County Court Clerk's Office in Plat Book 1, page 70; and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky by deed dated September 1, 1962, from Talma Blankenship, a widow, and of record in Deed Book 749, page 435, in the Fayette County Court Clerk's Office.

(459 Clifton Avenue) Beginning at the Northwest corner of Woodland Avenue and Clifton Avenue in said City and running thence along Clifton Avenue in a Westerly direction 54-1/2 feet; thence in a Northerly direction 185-1/2 feet to an Alley; thence with the line of said Alley in an Easterly direction 54-1/2 feet to Woodland Avenue; thence with Woodland Avenue in a Southerly direction 185-1/2 feet to the point of beginning; and being Lot No. 72 of the Clifton Heights Land Company's Subdivision as shown by plat thereof recorded in Plat Book 1, Page 70 in the Fayette County Court Clerk's Office; the improvements on said premises being known and designated as No. 459 Clifton Avenue; and being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky by deed dated October 24, 1961, from John Albers Roberts, a single man, of record in Deed Book 728, Page 4, in the Fayette County Court Clerk's Office.

IN WITNESS WHEREOF, the Board of Trustees of the University of Kentucky, the party of the first part, has caused its corporate name to be hereunto subscribed by the Chairman or Vice Chairman of said 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 said Board of Trustees, and said Farmers Bank & 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 and countersigned and its corporate seal to be hereto affixed and said seal to be attested by its officers thereunto duly authorized, all as of the day and year first above written, but actually on this _____

 Notary Public in and for the State of Ken-
 tucky at Large (or) Franklin County,
 Kentucky

My Commission expires:

CERTIFICATE OF SECRETARY

I, the undersigned, Secretary of the Board of Trustees of the University of Kentucky, hereby certify that the foregoing is a true copy of the Trust Indenture dated as of March 1, 1964, made by and between the Board of Trustees of the University of Kentucky, Lexington, Kentucky, and Farmers Bank & Capital Trust Company, Frankfort, Kentucky, as Trustee, relating to said University's \$640,000 "Student Housing Bonds of 1964," dated as of March 1, 1964.

Dated this _____ day of _____, 1964.

 J. A. Sutherland, Secretary,
 Board of Trustees
 University of Kentucky

(Seal of University)

Section 5. Simultaneously with the delivery of any of said Bonds to the purchaser or purchasers thereof, 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 7th day of April, 1964.

ATTEST:

 Chairman, Board of Trustees, University
 of Kentucky

 Secretary

UNIVERSITY OF KENTUCKY
LEXINGTON, KENTUCKY
\$640,000 STUDENT HOUSING BONDS OF 1964

STATEMENT OF TERMS AND CONDITIONS OF BOND SALE

INTEREST UPON THE BONDS DESCRIBED BELOW IS
EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXATION

Sealed bids will be received, publicly opened and considered by the Board of Trustees or its duly authorized Executive Committee, of the University of Kentucky, Lexington, Kentucky, at a meeting which is to be held in the office of the President of the University on the Campus of the University, in Lexington, Kentucky, on the _____ day of _____, 1964, at the hour of _____ .M., EST, for the purchasing of all or any of the hereinafter designated blocks of the University's \$640,000 principal amount of Student Housing Bonds of 1964. Bids may be submitted earlier than said time to the President of the University, Administration Building, University of Kentucky, Lexington, Kentucky, and the same will remain sealed until the day and hour above stated, if clearly marked on the outside of the envelope as constituting a bid for such Bonds.

The Bonds will be dated March 1, 1964, will be in the denomination of \$1,000.00 each, and will mature serially on March 1 and bear interest payable semiannually on each March 1 and September 1. Bonds will be numbered consecutively from 1 to 640, inclusive, will bear interest at such rate or rates as are specified in the successful bid averaging not greater than 3-3/8% per annum, and will mature as to principal in the years 1967 through 2004. Bond numbers, years, and amounts being:

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1 - 9	\$ 9,000	March 1, 1967
10 - 18	9,000	March 1, 1968
19 - 27	9,000	March 1, 1969
28 - 37	10,000	March 1, 1970
38 - 47	10,000	March 1, 1971
48 - 57	10,000	March 1, 1972
58 - 68	11,000	March 1, 1973
69 - 79	11,000	March 1, 1974
80 - 90	11,000	March 1, 1975
91 - 102	12,000	March 1, 1976
103 - 114	12,000	March 1, 1977
115 - 127	13,000	March 1, 1978
128 - 140	13,000	March 1, 1979
141 - 153	13,000	March 1, 1980

154 - 167	14,000	March 1, 1981
168 - 181	14,000	March 1, 1982
182 - 196	15,000	March 1, 1983
197 - 211	15,000	March 1, 1984
212 - 227	16,000	March 1, 1985
228 - 243	16,000	March 1, 1986
244 - 259	16,000	March 1, 1987
260 - 276	17,000	March 1, 1988
277 - 294	18,000	March 1, 1989
295 - 312	18,000	March 1, 1990
313 - 331	19,000	March 1, 1991
332 - 350	19,000	March 1, 1992
351 - 370	20,000	March 1, 1993
371 - 391	21,000	March 1, 1994
392 - 412	21,000	March 1, 1995
413 - 434	22,000	March 1, 1996
435 - 457	23,000	March 1, 1997
458 - 481	24,000	March 1, 1998
482 - 505	24,000	March 1, 1999
506 - 530	25,000	March 1, 2000
531 - 556	26,000	March 1, 2001
557 - 583	27,000	March 1, 2002
584 - 611	28,000	March 1, 2003
612 - 640	29,000	March 1, 2004

Bids will be received and considered on the following basis:

- (1) All maturities in the years 1967 through 1974;
- (2) All maturities in the years 1975 through 1979;
- (3) All maturities in the years 1980 through 1984;
- (4) All maturities in the years 1985 through 1989;
- (5) All maturities in the years 1990 through 1994;
- (6) All maturities in the years 1995 through 1999;
- (7) All maturities in the years 2000 through 2004;
- (8) The entire issue.

Both principal and interest are payable at the principal office of Farmers Bank & Capital Trust Company, in Frankfort, Kentucky, or, at the option of the holder, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City and State of New York. The Bonds are in bearer form with coupons attached and may be registered as to principal only.

The Housing and Home Finance Agency of the United States Government has entered into a Loan Agreement with the Board of Trustees pursuant to which it proposes to bid par value for these Bonds at an interest coupon rate of 3-3/8% per annum, but subject to acceptance by the Board of Trustees of any equal or more favorable bids which may be received from others for any or all of the designated blocks of Bonds.

Bonds numbered 1 to 79, inclusive, (maturing March 1, 1967, through March 1, 1974, inclusive) are not subject to prior redemption. Bonds numbered 80 through 505, inclusive, (maturing March 1, 1975 through March 1, 1999, inclusive) are callable at the option of the Board of Trustees for redemption prior to their stated maturities, (but subject to priority as to call of Bonds numbered 506 to 640, inclusive) as a whole or from time to time in part, in their inverse numerical order on any interest payment date after March 1, 1974, upon at least 30 days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond, as follows:

3% if redeemed September 1, 1974, through March 1, 1979, inclusive;
 2-1/2% if redeemed September 1, 1979, through March 1, 1984, inclusive;
 2% if redeemed September 1, 1984, through March 1, 1989, inclusive;
 1-1/2% if redeemed September 1, 1989, through March 1, 1994, inclusive;
 1% if redeemed after March 1, 1994.

Bonds numbered 506 to 640, inclusive, maturing March 1, 2000 through March 1, 2004, inclusive, are callable at the option of the Board of Trustees as a whole or from time to time in part in their inverse numerical order on any interest payment date during the entire life of the Bonds, upon at least 30 days' prior notice at par plus accrued interest to the date of redemption, and without premium.

Notice of redemption is required to be given by at least one publication in a financial newspaper or journal published in the English language in the City and State of New York not less than 30 nor more than 60 days prior to the redemption date, and by sending a copy to the holders of Bonds then registered, and to the Trustee and the New York Paying Agent.

The Bonds have been authorized and are to be issued to provide a portion of the costs of construction of four small dormitories with appurtenant facilities including kitchen and dining facilities to house approximately 40 to 48 students each (the "Project").

The Bonds will be valid special obligations of the Board of Trustees, secured by a first lien on and a pledge of the gross revenues to be derived from the operation or ownership of the Project facilities; additionally secured by a statutory mortgage lien on the Project facilities.

The Board of Trustees has executed a Trust Indenture with Farmers Bank & Capital Trust Company, of Frankfort, Kentucky, as Trustee, containing reasonable and sufficient covenants and provisions in respect to the construction of the above-described facilities, their maintenance and operation, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of the Trustee and the holders of the Bonds. Said Indenture provides for the fixing of reasonable fees and of rental rates and other charges for the services provided by the facilities from which the revenues are pledged, and their adjustment from time to time in order that such rental rates

and other charges shall be sufficient to provide funds to pay the principal of and the interest on the Bonds, and to create proper reserves.

Except in the case of a bid submitted by Housing and Home Finance Agency, all bids shall be submitted on the Official Bid Form and must be for cash at par and accrued interest. Bidders may stipulate one or more interest coupon rates of their own choosing for each block or blocks bid in multiples of $1/8$ or $1/10$ of 1% provided the average interest cost to the Board, computed from March 1, 1964, to stated maturities, may not exceed three and three-eighths percent ($3-3/8\%$) per annum; only one coupon rate shall be stipulated for the Bonds maturing on the same date, and the semiannual interest becoming due with respect to any Bond on any interest payment date may not be represented by more than one coupon.

The Board of Trustees has agreed with HHFA that if no purchase bids are received from others, it will accept the guaranteed bid of HHFA and award the Bonds accordingly. A bid offering to purchase more blocks of Bonds will be given preference over a bid offering to purchase fewer blocks thereof, even if the result is a higher interest cost with respect to any one or more of the individual blocks which may be involved; unless a combination of other bids (excluding the bid of HHFA) will dispose of the entire issue at a lesser net interest cost to the Board. Subject to such consideration the Bonds will be awarded to the bidder offering to purchase the designated block or combination of blocks, at the lowest net interest cost to the Board, such costs to be determined by deducting the total amount of any premium from the aggregate amount of interest upon the block of Bonds or combination of blocks of Bonds bid upon, computed from March 1, 1964, to their respective maturities.

The right to reject any and all bids is reserved. Bonds will be delivered at the office of the Trustee, or as otherwise specified by the successful bidder. Each bid (except a bid on behalf of the Housing and Home Finance Agency) must be accompanied by a certified or bank cashier's check, payable to the order of the University, in a sum equal to 2% of the face amount of the Bonds offered to be purchased.

The checks of unsuccessful bidders will be immediately returned. No interest will be allowed upon the check of the successful bidder, which will be held as a good faith deposit and may be allowed as a credit upon the purchase price of the Bonds; or which will be returned to the purchaser, if so requested, upon payment of the full bid price with accrued interest to date of delivery.

The attention of prospective bidders is directed to the provisions of Subsection (2) of Section 61.390 of the Kentucky Revised Statutes, wherein it is in substance provided that a public body issuing bonds under a statute providing for bonds in negotiable form (as in the case of KRS 162.350, et seq.), may in its discretion additionally make provision that after public offering and sale in such form, any purchaser or purchasers of all or any part thereof may have a right and privilege to designate, subject to such conditions and

restrictions as the issuing body may prescribe, that such Bonds, or any of them, be issued in the first instance in fully registered non-negotiable form, or in one or more denominations of such purchaser's own choosing, or both, and with or without rights of conversion or reconversion from one form and denomination to another, at the option of the holder or holders from time to time.

The Trust Indenture securing these Bonds permits any purchaser or purchasers of one or more blocks of Bonds, or of the entire Series, to elect that the same be issued in fully registered non-negotiable form in denominations representing any multiple of \$1,000, without appurtenant interest coupons, and containing a covenant on the part of the Board that any Bonds so issued may be surrendered in exchange for the Board's issuance (at the Board's expense) of an equivalent principal amount of \$1,000 negotiable coupon Bonds bearing interest at the same rate or rates, and maturing as to principal in the same time and manner. No provision is made for reconversion to Bonds in fully registered form; nor is provision made for conversion of Bonds initially issued in negotiable coupon form into Bonds of fully registered form.

Bidders must take notice of the provisions of the Trust Indenture in this connection, and are bound thereby. No Bonds in fully registered form will be issued and delivered by the Board unless the purchaser thereof specifically requests the same by so indicating in the bid, as provided in the Official Bid Form.

According to the usual practice of Housing and Home Finance Agency there is frequently a delay of several months between the time of its purchase of Bonds and the time of its acceptance of delivery thereof. In recognition of the custom and practice among municipal bond dealers to require delivery of Bonds within 45 days after date of sale, Housing and Home Finance Agency has indicated that it will waive its customary requirements and practices and will accept delivery of any part of the Bonds which it may purchase, simultaneously with the delivery of Bonds purchased by private investors, and within 45 days after date of sale.

The printed Bonds and usual closing documents, including the customary "No-Litigation" certificate, a complete transcript of the Bond proceedings, and approving opinion of Grafton, Ferguson & Fleischer, Bond Counsel, of Louisville, Kentucky, will be furnished to the purchaser without cost.

A copy of the Trust Indenture may be examined at the office of the Treasurer of the University, at Lexington, Kentucky, or at the offices of said Bond Counsel, 310 West Liberty Street, Louisville, Kentucky, or at the principal office of the Trustee, in the City of Frankfort, Kentucky. Information regarding the estimated revenues and expenses of the identified facilities may be obtained from the office of the President of the University.

UNIVERSITY OF KENTUCKY

By J. A. Sutherland

Secretary

Board of Trustees

NOTICE OF SALE OF BONDS
\$640,000
 UNIVERSITY OF KENTUCKY
 STUDENT HOUSING BONDS OF 1964

Interest Exempt From Federal and Kentucky Income Taxation

Sealed bids will be received, opened and considered by the Board of Trustees or its duly authorized Executive Committee, of the University of Kentucky, Lexington, Kentucky, at a meeting to be held at the office of the President of the University on the Campus of the University, in Lexington, Kentucky, at _____ M., Eastern Standard Time, on the _____ day of _____, 1964, for the purchasing at not less than par of all or any of the hereinafter designated blocks of the University's \$640,000 Student Housing Bonds of 1964. Bids may be submitted earlier than said date to the President addressed or delivered to him at the Administration Building on the Campus of the University, at Lexington, Kentucky, and will remain sealed until opened by the Board or its Executive Committee at the indicated time.

The Bonds will be dated March 1, 1964, will be in the denomination of \$1,000.00 each, will mature serially on March 1 in the respective years hereinafter shown, and will bear interest at such rate or rates as are specified in the successful bid, not to exceed an average of 3-3/8% per annum. Interest will be payable September 1, 1964, and semiannually thereafter, as evidenced by coupons attached to the Bonds. The maturity and redemption schedules are set forth in the "Statement of Terms and Conditions of Bond Sale."

The Bonds will be special obligations of the Board of Trustees secured by a first lien on and pledge of the gross revenues to be derived from operation of four small dormitories on the Campus of the University in Fayette County, Kentucky, a portion of the cost of construction of which will be paid through the application of the Bond proceeds, additionally secured by a statutory mortgage lien upon the Project facilities.

Each bid (except a bid submitted by an agency of the United States Government) must be accompanied by a certified or cashier's check, payable to the University in a sum equal to 2% of the face amount of the Bonds therein offered to be purchased. The check of each successful bidder will be held uncashed until delivery, and then credited upon the bid price; or forfeited as agreed liquidated damages in the event the bidder shall wrongfully fail to accept and pay for the purchased Bonds when delivery is tendered. Checks of unsuccessful bidders will immediately be returned. The right to reject any and all bids is reserved.

Bidders may offer to purchase in blocks, as follows:

- (1) All maturities in the years 1967 to 1974, inclusive,
- (2) All maturities in the years 1975 to 1979, inclusive,
- (3) All maturities in the years 1980 to 1984, inclusive,
- (4) All maturities in the years 1985 to 1989, inclusive,
- (5) All maturities in the years 1990 to 1994, inclusive,
- (6) All maturities in the years 1995 to 1999, inclusive,
- (7) All maturities in the years 2000 to 2004, inclusive,
- (8) The entire issue.

All bids shall be for cash at not less than par and accrued interest. Except in the case of a bid submitted by Housing and Home Finance Agency; all bids shall be submitted on the Official Bid Form. Bids for the entire bond issue will be awarded preference over bids for individual blocks, except when the sum of the bids for all of the individual and/or combined blocks results in a lower net interest cost for the entire issue. Subject to the foregoing maximum net interest cost, bids for combined blocks less than the entire issue will be accorded preference over bids for individual blocks except when the sum of such individual blocks results in a lower net interest cost for the maximum number of maturities. For the purpose of determining the lowest bidder, calculations of net interest cost will exclude the bid of the Housing and Home Finance Agency hereinafter described.

The Housing and Home Finance Agency of the United States Government has entered into a Loan Agreement with the Board of Trustees of the University pursuant to which it proposes to bid par value for these Bonds at an interest coupon rate of 3-3/8% per annum, but subject to acceptance by the Board of any equal or more favorable bids which may be received.

Delivery is guaranteed within 45 days after sale.

The successful bidder will be furnished, without cost, the Executed Bonds, the customary closing documents including No-Litigation Certificate, and the unqualified approving opinion of Grafton, Ferguson & Fleischer, Lawyers, of Louisville, Kentucky. The right to reject bids is expressly reserved.

"Statement of Terms and Conditions of Bond Sale," "Official Bid Form" and further information may be obtained by addressing an inquiry to the President of the University.

UNIVERSITY OF KENTUCKY

By J. A. Sutherland
Secretary
Board of Trustees

OFFICIAL BID FORM

_____, 1964

To the Honorable Chairman and Members of
the Board of Trustees and its Executive Committee,
University of Kentucky
Lexington, Kentucky

Gentlemen:

We have observed your published "Notice of Sale of Bonds" soliciting the submission of sealed competitive bids for the purchase at not less than par of any or all of certain designated blocks of your \$640,000 "University of Kentucky Student Housing Bonds of 1964," to be dated March 1, 1964, subject to an average net interest cost limitation of 3-3/8% per annum; and have obtained, examined and are familiar with further details and conditions relating to your public offering of said Bonds as set forth in your "Statement of Terms and Conditions of Bond Sale." By our submission of this bid we agree to all of the terms and conditions set forth in said instruments.

The undersigned hereby offer to purchase from you the Bonds which we hereinafter identify, at the price or prices and subject to your establishment of the interest coupon rate or rates hereinafter stated. We identify the blocks of maturities by number according to the designation and numbering of such blocks as you have identified the same in the instruments above referred to.

The following is our designation of the Bonds which we offer to purchase and the price(s) and interest coupon rate(s) respectively applicable thereto:

We offer to purchase the block(s) which you have numbered _____, being all maturities in the years _____, inclusive, in the aggregate principal amount of \$ _____, and to pay you therefor the face amount thereof with accrued interest to delivery and a premium in the sum of \$ _____, subject to your establishment of the following respective interest coupon rates:

Years of Maturity

Interest Coupon Rate

This bid is made with the understanding that the Board of Trustees will furnish without cost to the undersigned the prepared and properly executed Bonds, the customary closing documents, including the No-Litigation Certificate, and the unqualified approving legal opinion of Grafton, Ferguson & Fleischer, Louisville, Kentucky.

We attach a certified or bank cashier's check equal to 2% of the face amount of the Bonds herein offered to be purchased; and if our bid for the designated Bonds is accepted, you are to retain the check uncashed until time of delivery as evidence of our good faith, and without interest thereon. If our bid for the designated Bonds is not accepted, check is to be returned to us immediately.

The foregoing constitutes our offer. For your convenience we submit that according to our computation thereof the same represents an average interest cost to the Board of Trustees over the life of the designated Bonds of:

_____ % per annum.

If our bid is accepted, it is our election that such Bonds be delivered to us (strike choice not desired):

- (a) In the form of negotiable Coupon Bonds in the denomination of \$1,000 each.
- (b) In the form of fully registered Bonds, without coupons, in such denominations as we will designate in writing _____ to the President of the University within five (5) days after the date of sale.

Respectfully submitted,

The foregoing bid is accepted in so far as it constitutes an offer to purchase the identified Bonds this _____ day of _____, 1964.

BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY

By _____
Chairman

(SEAL)

ATTEST:

Secretary

and moved that all rules be suspended and that said proposed Resolution be adopted, which motion was seconded by Mr. Foster, a member of the Board, and said motion having been duly considered, the Chairman put the question, and upon roll being called, the following voted "Aye": Hon. Edward T. Breathitt, Dr. Ralph J. Angelucci, Smith Broadbent, Dr. R. W. Bushart, Dr. Harry Denham, Sam Ezelle, William F. Foster, Robert H. Hillenmeyer, Gilbert Kingsbury, Dr. H. B. Murray, Clifford E. Smith and Judge J. A. Sutherland. Voting "Nay": None.

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

Mr. Smith having made the motion for approval of the above documents called attention to the fact that when revenue bonds are issued in the future consideration should be given to a different system of retirement. The provisions for the calling of the bonds now makes them virtually non-negotiable. The provision for the calling of the bonds should begin at the end of five years and should be graduated over a reasonable period of time. There should also be a provision to authorize the Trustees to buy bonds on the open market. This will be particularly important in the future.

J. General Outline of 1964-65 Internal Budget Presented.

At the request of Governor Breathitt, President Oswald read the following statement relative to the preparation of the 1964-65 internal budget:

GENERAL OUTLINE OF 1964-65 INTERNAL BUDGET

The preparation of the University's internal budget is proceeding in three steps as previously outlined to the Executive Committee of the Board of Trustees.

The first step presents a general summary of income and funds available for expenditure by sources and also a general summary of proposed expenditures by functions.

The second step entails the allocation of funds, according to factors used in the budget request, to the departments, colleges and other units of the University for authorized expenditure by the objects of personal services, current expense, and equipment and replacement. This step is nearing completion.

The third step embodies the detailed personnel roster with individual salaries in the various departments and units of the University. This step is running concurrently with the second step and the results of both will be presented to the Board of Trustees, according to schedule, at the May meeting.

University of Kentucky
Summary of Income and Funds Available
Fiscal Years 1963-64 and 1964-65

<u>Income and Funds Available:</u>	<u>Estimated 1963-64</u>	<u>Estimated 1964-65</u>	<u>Increase or Decrease</u>
I. State Appropriations	\$ 20, 356, 000	\$ 26, 660, 200	\$ 6, 304, 200
II. United States Appropriations	3, 565, 000	3, 841, 000	276, 000
III. Student Fees	2, 468, 000	2, 835, 000	367, 000
IV. County Appropriations	410, 500	420, 500	10, 000
V. Gifts and Private Grants	725, 000	750, 000	25, 000
VI. Grant Overhead	200, 000	332, 000	132, 000
VII. Sales and Services	1, 154, 200	1, 255, 000	100, 800
VIII. Hospital Income	938, 000	2, 000, 000	1, 062, 000
IX. Endowment Income	31, 300	31, 300	
X. Fund Balances Used as Income ⁽¹⁾	943, 000	1, 200, 000	257, 000
Total Income and Funds Available	<u>\$30, 791, 000</u>	<u>\$39, 325, 000</u>	<u>\$8, 534, 000</u>

(1) Includes \$432, 000. 00 estimated General Fund Balances for the fiscal year ending June 30, 1964, and the reappropriation of special reserves for the Summer Faculty Research Program, other Instructional and Research expenditures and the provision of a contingency appropriation.

University of Kentucky
Summary of Appropriations
Fiscal Years 1963-64 and 1964-65

<u>Appropriations:</u>	<u>Proposed 1963-64</u>	<u>Proposed 1964-65</u>	<u>Increase or Decrease</u>
I. Departments of Instruction & Res.	\$10,146,000	\$12,035,000	\$ 1,889,000
II. Community Colleges	778,000	1,298,000	520,000
III. Summer Session		354,000	354,000
IV. Organized Activities	372,000	488,000	116,000
V. Organized Research	3,616,000	4,246,000	630,000
VI. Libraries	838,000	956,000	118,000
VII. Extension and Public Services	4,884,000	5,142,000	258,000
VIII. Maintenance and Operation of Plant	2,616,000	3,040,000	424,000
IX. Major Improvements	85,000	225,000	140,000
X. Acquisition of Equipment	25,000	200,000	175,000
XI. Hospital-Excluding Indigent Care	1,674,000	2,375,000	701,000
XII. Hospital-Indigent Care	1,814,000	3,519,000	1,705,000
XIII. Retirement System		850,000	850,000
XIV. General Administration	812,000	936,000	124,000
XV. Student Services	713,000	857,000	144,000
XVI. Staff Benefits (Social Security)	368,000	455,000	87,000
XVII. General Instit. Services and Expense	590,000	650,000	60,000
XVIII. Student Aid	14,000	14,000	
XIX. Service Enterprises	355,000	430,000	75,000
XX. Debt Service Costs	650,000	1,101,000	451,000
XXI. Provision for Contingencies		<u>150,000</u>	<u>150,000</u>
Totals	<u>\$30,350,000</u>	<u>\$39,321,000</u>	<u>\$8,971,000</u>

Governor Breathitt in commenting on the first phase of the budget presentation indicated that the Legislature had shown approval and confidence which they have in the President and the future of the University through the appropriation approved for the biennium 1964-66. President Oswald expressed his appreciation and that of the entire University for this confidence and for the generous support of the Governor and the General Assembly.

Mr. Smith expressed on behalf of the Board thanks for the excellent manner in which the budget is being prepared and called particular attention to the assistance rendered Dr. Oswald by Dr. Albright and Dr. Haun.

On motion duly made, seconded and carried, the first step in the preparation of the internal budget for 1964-65 was approved as presented.

K. Retirement System for University Adopted

Mr. Smith, Chairman of the Committee to Plan for a Retirement System for the University, stated that it gave him a great deal of pleasure to present the following Resolution relative to a retirement system for the University and commended Dr. Haun and the members of his staff for the work they had done to assist in resolving many of the difficult problems involved in working out a system that would be equitable for all participants:

RESOLUTION

- I. Retirement Age (a) All employees of the University of Kentucky employed on or after July 1, 1964, and those employed prior to that date who attain age 56 after June 30, 1964, shall retire at the end of the University's fiscal year in which the employee attains age 65. (b) All employees employed prior to July 1, 1964 and who were 56 or older on that date shall retire at the end of the University's fiscal year in which the employee (i) attains age 70, or (ii) completes 10 years of service after July 1, 1964, whichever occurs first. (c) All employees on change of assignment as of July 1, 1964 shall be retired on that date.
- II. Extension of Service By special vote of the Board of Trustees, post retirement appointments may be made for definite periods not to exceed one year each, but no such post retirement appointment shall be made to extend beyond the end of the University's fiscal year in which the employee attains age 70.
- III. Participation in Group I Retirement Plan A retirement plan is hereby established for Group I employees of the University of Kentucky providing contributions to the Teachers Insurance and Annuity Association and the College Retirement Equities Fund in support thereof. Employees eligible for participation under this plan are all regular full-time persons in the following categories: the President, Vice Presidents and Assistant Vice

Presidents, Deans, Professors, Associate Professors, Assistant Professors, Instructors, Lecturers, the Hospital Administrator, Directors of research and professional units of the University, and others as hereafter designated by the Board of Trustees. This plan does not apply to employees in University positions covered by the United States Civil Service or other Federal retirement programs other than Social Security.

Participation of eligible staff members employed prior to July 1, 1964, shall be as follows:

- (a) If the employee has not attained his fifty-sixth birthday prior to July 1, 1964 -- mandatory at the completion of 1 year of service and attainment of age 30, but with no right of participation prior to meeting these requirements.
- (b) If the employee has attained his fifty-sixth birthday prior to July 1, 1964 -- voluntary at the completion of 1 year of service.

Participation of eligible staff members employed on or after July 1, 1964 shall be mandatory at the completion of 1 year of service and attainment of age 30, but with no right of participation prior to meeting these requirements. The preliminary service period will be waived for an employee otherwise eligible who already owns a retirement annuity contract issued by Teachers Insurance and Annuity Association.

IV. Group I Contributions Contributions to the retirement plan for Group I employees shall be made in accordance with the following schedule:

	<u>Contributions as Percent of Basic Annual Salary</u>		
	<u>By the Participant</u>	<u>By the Institution</u>	<u>Total</u>
On Amount of Salary Subject to Social Security (FICA) Tax	3%	7%	10%
On Salary above Amount Subject to Social Security (FICA) Tax	5%	10%	15%

The University of Kentucky shall deduct the contributions of the participant from regular salary payments, add its own contributions, and apply the combined sum to the purchase of retirement benefits for the participant as follows:

- (a) At the election of the participant, either 100 percent, 75 percent, 66 2/3 percent, or 50 percent of such combined sum will be forwarded to Teachers Insurance and Annuity Association as a premium for a TIAA retirement annuity contract on the participant's life.

- (b) The balance, if any, of such combined sum will be forwarded to the College Retirement Equities Fund as a premium for a CREF retirement annuity certificate on the participant's life.

- V. Contracts Each TIAA retirement annuity contract and CREF certificate issued in accordance with Section IV of this Group I plan is for the sole purpose of providing a retirement and/or death benefit and is the property of the individual participant.
- VI. Leave of Absence with Pay During leave of absence on part pay, the University will continue contributions provided for in Section IV on the same basis as during the previous year if the Group I participant does likewise.
- VII. Termination of Service If a Group I participant terminates employment, he retains his right to all benefits which have been purchased by his own and the University of Kentucky's contributions. Contributions may be continued by another educational institution, or the participant may continue to contribute to his annuity on his own in any amount but not less than an annual premium of \$50 to TIAA or \$100 to TIAA-CREF. If contributions are not continued, the full value of his accumulation remains to his credit, continues to participate in TIAA-CREF earnings, and will provide annuity income beginning at whatever age he selects. TIAA-CREF annuities do not provide for a single sum cash settlement. A terminating participant, however, may request a return of his share of the net accumulated value and, with the consent of the University, such request will be granted provided:
- (1) The participant has been an annuity owner for five years or less, and
 - (2) He is not transferring to another institution which participates in the TIAA-CREF system, and
 - (3) All other educational institutions that contributed any part of the premium give their consent.

That portion of the net accumulated value which resulted from University contribution will be returned to the University.

- VIII. Group I Disability Benefits In the event a Group I participant becomes disabled so as to be unable to perform his duties at the University of Kentucky, he may elect to have his annuity payments from TIAA-CREF begin. His annuity income will be that amount which can be provided by the full accumulated value of his annuity contract (s) at his then attained age.
- IX. Group I Death Benefits In the event of death before annuity payments begin, an income would be paid by TIAA-CREF to the Group I participant's beneficiary based on the then current value of the annuity accumulation, including any portion purchased by the University of Kentucky, and in accordance with the income option elected by either the participant or, if he made no prior election, by his beneficiary. If the beneficiary is a corporation, association or the

participant's estate, a single sum will be paid. With the University's consent, and under current TIAA practice, a single sum may be paid to the participant's spouse.

X. Group I Retirement Benefits Each Group I participant in TIAA will receive from TIAA a guaranteed, fixed monthly income for life which shall be the actuarial equivalent of the full value of his annuity accumulation at the time of his retirement. Each participant in CREF will also receive from CREF each month for life a guaranteed number of CREF annuity units, the dollar value of which will change from year to year reflecting primarily changes in the market prices and dividends of the common stocks owned by CREF. Just before retirement, each participant will choose from several options available the manner in which he would like to have his retirement income from TIAA-CREF paid. All of these options provide a lifetime income and all but one provide income for the participant's beneficiary in the event of his early death. These options are set forth in the individual annuity contracts issued to participants.

XI. Group I Supplemental Retirement Income For all Group I staff members who were age 40 or older prior to July 1, 1964, and who were eligible to participate in the Group I plan on July 1, 1964, the University will provide a supplemental retirement income during the lifetime of the staff member, where necessary, to assure a minimum benefit under this plan equal to the salary received by him at the time he reaches the age of 65* multiplied by the percentage stated in the next paragraph of this Section. The amount of this supplemental income will be reduced by the "primary insurance amount" of Social Security retirement income to which the employee is entitled from date of retirement to age 72. Thereafter this supplement will be in addition to all Social Security income benefits. In determining the Supplemental Retirement Income as provided above, the following percentages of the salary at age 65* shall be used:

(a) 20% plus 1% for each year of service ** to the University

plus

(b) For those employees who had attained age 56 prior to July 1, 1964; 1% for each full year by which retirement precedes the end of the fiscal year in which the employee's 70th birthday is attained.

or

(c) For those employees who had attained age 51, but not age 56 prior to July 1, 1964, the following percentages:

<u>Age</u>	<u>Percentage</u>
51	1
52	2
53	3
54	4
55	5

In no event shall the applicable percentage of salary at age 65 exceed 20% plus 1% for each fiscal year between the date of employment and the end of the fiscal year in which the employee attains age 70.

- XII Employees of the University who are not eligible to participate in the retirement plan for Group I or employees in University positions covered by United States Civil Service or other Federal retirement programs other than Social Security shall be classified as Group II. Employees in Group II shall receive retirement benefits computed by applying to their salary at age 65* the same percentages provided for computing the Supplemental Retirement Income for Group I employees and reducing the resultant product by the primary Social Security retirement income which is payable to the employee from date of retirement to age 72. Upon the employee attaining age 72 the benefit will be in addition to all Social Security benefits. The foregoing shall not apply to Office or Service Personnel with fewer than fifteen consecutive years of service to the University. It shall apply only to a person who is employed full-time at the date of retirement and who has been a full-time employee throughout the major part of his period of service. Any credit allowed for years of part-time employment shall be fractional.
- XIII Amendment These retirement plans for University employees replace the Change of Assignment provisions of Section 13 of the Governing Regulations of the University of Kentucky which Section is hereby repealed. While it is expected that the plan for Group I will continue indefinitely, a new pension or retirement plan for Group II employees is now under consideration by the Board and, when adopted, will supersede the provisions made herein for that group. The University reserves the right to change the contribution rates for Group I or at any time modify either of the plans in any way that is not in conflict with the participant's accrued contractual rights.
- XIV Effective Date The effective date of these retirement plans shall be July 1, 1964.

*Any person who, at the time he reaches the age of 65, is serving overseas on a University project, shall have substituted for his salary at 65 the salary received at the University for the year following the service overseas, or in case of no such service then for the year preceding the service overseas.

** In computing years of service, only years of continuous service shall be counted, except where a leave of absence, approved by the Board of Trustees or its Executive Committee is of record. When an approved leave is for employment other than by the University and when the absence is in excess of one year, the years of absence in excess of 1 shall not be counted in determining the supplement, except by specific agreement at the time the leave is taken. In all cases the period of service shall be computed to the nearest half year.

Following the presentation of the Resolution, Dr. Oswald expressed appreciation on behalf of the administration to Mr. Smith and the Trustees, indicating that it was a historic moment for the University. Probably more than any other single thing it will enable the University to do a better job of recruiting and retaining outstanding faculty members. It was made possible by the inclusion of the necessary money in the state appropriation and the passage of Senate Bill 232.

On motion by Mr. Smith, seconded by Mr. Foster, and passed unanimously, the Resolution presented above was adopted.

L. Interim Report on Parking Study

Dr. Oswald called attention to copies of the Interim Progress Report on Parking Study, which is given below:

INTERIM PROGRESS REPORT ON PARKING STUDY

A complete survey of all existing University spaces has been completed and their number and location recorded on a map prepared for that purpose.

A parking questionnaire has been distributed to every University employee in order to determine the number of persons in each building requiring parking in each classification. These questionnaires will be collected on April 8 and the information tallied and recorded on the above mentioned map.

On the basis of this information the campus will be divided into sectors and all existing spaces will be classified according to the demand for each classification in that sector. Once the reclassification is completed it will be possible to accurately determine the areas of greatest excess demand and establish the location of the first, second, or third parking structures as well as their recommended capacity and type of operation.

At the same time a review of parking studies already published and the construction and operation of facilities at other universities is under way.

Finally, a detailed analysis of vehicular access to and from the proposed parking structure locations is in progress.

On the basis of the information supplied from the above sources a proposal for the reclassification of all existing spaces will be made to the University Administration. Development studies for the first two parking structures will also be presented, showing in three dimensions the recommended site development and basic design characteristics for each. If the information from the parking questionnaire is available on April 8, the above should be essentially complete by the first week in May. A final report will be made at that time.

In commenting on the report, Mr. Smith expressed the feeling that the University should make it crystal clear that it is to be financed out of parking fees and not out of public funds. Dr. Oswald stated that the administration would certainly comply with this suggestion and, in answer to a question, replied that the reaction on the campus had been generally favorable to the new parking plan.

M. Inaugural Plans Discussed

Governor Breathitt said that the next item of business was a very pleasant one inasmuch as it was concerned with the plans for the inauguration of President Oswald on April 28, 1964. President Oswald replied that, in spite of a report which had appeared in Newsweek that someone else would assume the presidency of the University, plans were going ahead for his inauguration. Invitations have been issued to guests, delegates and Trustees to attend a breakfast given by the Keeneland Association. The breakfast would be followed by a luncheon at the Student Center at 11:30 a.m. with the ceremonies scheduled for 2:30 p.m. The inaugural ceremonies would be followed by a reception at the Student Center and the Board of Trustees would be hosts for dinner at Spindletop Hall at 7:30 p.m.

The plans as presented were received with enthusiasm by the members of the Board and President Oswald and the committee in charge of arrangements were commended for the manner in which this important project has been planned,

N. Adjournment

Governor Breathitt, having determined that there was no additional business to come before the meeting, entertained a motion for adjournment, which was seconded and carried. The meeting adjourned at 11:40 a.m.

Respectfully submitted,

James A. Sutherland, Secretary