

Minutes of Called Meeting of the Board of Trustees of the University of Kentucky, March 4, 1963.

The Board of Trustees of the University of Kentucky met in the President's Office on the campus of the University at 11:00 a. m. , EST, with the following members present: Governor Bert Combs, Chairman; Dr. Ralph J. Angelucci, Robert H. Hillenmeyer, Dr. H. B. Murray, Gilbert Kingsbury, Dr. Harry Denham, Judge James A. Sutherland, Emerson Beauchamp, Sam Ezell and Clifford E. Smith: Absent, W. F. Foster, Floyd H. Wright, Dr. R. W. Bushart, Smith D. Broadbent, Aubrey Brown, Lewis Cochran and Wendell P. Butler. President Frank G. Dickey, Frank D. Peterson, Secretary of the Board, and Mr. David Pritchett, Commissioner of Finance, were also present.

A. Meeting Opened.

A quorum of members of the Board being present and the meeting opened to the press, Governor Combs asked the Reverend Albert N. Cox, Minister to Students at Central Christian Church, to open the meeting with prayer.

B. Mr. Smith Appointed Board Member.

Mr. Clifford Smith stated that he had been reappointed a member of the Board of Trustees and was ready to take the oath of office. Governor Combs administered the oath and this fact was noted on Mr. Smith's certificate of appointment.

C. Purpose of the Meeting.

The meeting was called at the request of the Chairman, Governor Combs. He stated that the most pressing problem was the election of a new president. He asked Dr. Ralph Angelucci, chairman of the screening committee, and Judge James Sutherland, secretary of the screening committee, to make such report as they might have available for the members of the Board of Trustees.

Dr. Angelucci and Judge Sutherland reported on progress being made by the screening committee. They agreed that the list of prospective persons for presidency of the University had been reduced to about ten to twelve names. They stated that it was the plan of the screening committee to submit a list of four to six names of persons to the Board of Trustees at a later date. Dr. Angelucci suggested that members of the Board might want to interview and talk with some or all of the people who might be brought to the campus if they are available for interviews.

Dr. Angelucci stressed the point that interviewing a person should not be taken as meaning that the person is a candidate for the presidency of the

University but rather an attempt on the part of the screening committee to induce the person being interviewed to accept the position if offered. He repeated that the persons now on the list and still being considered by the screening committee are not candidates and neither are they applicants for the position.

Some discussion ensued concerning fringe benefits that might be offered to the new President and it was agreed that such had been left open for further consideration.

D. Financing Community Colleges.

President Dickey made a statement concerning off-campus community colleges or centers. He explained that the State might be able to allocate \$975,000 from the State capital construction funds to assist in the construction of two off-campus centers and that the University might authorize the issuance of revenue bonds in the amount of \$1,200,000 to supplement these funds and complete the construction of the two centers and to equip them. He further explained that the registration fees collected at the various off-campus centers would be used to secure the revenue bonds and to service and amortize the bond issue. The State would necessarily appropriate operating funds for the programs at all these centers.

It was further reported that the center at Elizabethtown, now under contract and construction, is progressing. The plans and specifications for the Prestonsburg center are progressing and will be submitted to the University and State authorities for review when finished. The cost of the Prestonsburg center was estimated at about \$996,000.

Dr. Dickey reported that it was now agreed that two off-campus centers might be constructed through this joint effort arrangement. He stated that this arrangement would permit construction of the buildings, and the funds envisioned would permit the buildings to be equipped at Elizabethtown and Prestonsburg.

He also thought that there would be sufficient funds to do the planning for the Somerset center and the Blackey center in Letcher County.

Governor Combs stated that the Blackey site would be re-studied with a view to naming another site in Letcher County for the center.

E. Community Colleges Educational Buildings Project of the University of Kentucky.

Governor Combs announced that attorney Jo Ferguson and bond authority Robert McDowell, of Louisville, were present, and asked them to present information that they might have concerning the legal matters applicable to the revenue bond issue. Attorney Jo Ferguson presented the basic resolution for adoption at this meeting. He reported the resolution for authorizing the issuance and sale of revenue bonds was not yet ready but would be forthcoming.

Mr. Jo Ferguson presented the following resolution:

A RESOLUTION creating and establishing a Community Colleges Educational Buildings Project of the University of Kentucky; creating and establishing an issue of Community Colleges Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky; providing for the issuance from time to time of said bonds; providing for the payment of the principal of and interest on said bonds and repealing all resolutions or parts of resolutions in conflict with this resolution.

WHEREAS, pursuant to Section 164.160 of the Kentucky Revised Statutes, the Board of Trustees of the University of Kentucky is a body corporate, with all powers generally vested in corporations, and as such is the governing body of the University of Kentucky, a public educational institution of higher learning of the Commonwealth of Kentucky, having full control of the management of said University, together with the property and funds thereof; and

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

WHEREAS, the Board of Trustees has heretofore determined that the said University and its students upon the campus and property of the University within Fayette County, Kentucky, have not been provided and are not at this time provided with adequate buildings for educational purposes and has determined that the need will arise from time to time for additional buildings and necessary appurtenances for educational purposes; and in that connection has heretofore created and established its "Consolidated Educational Buildings Project," defined as comprising all educational buildings and necessary appurtenances heretofore erected and located on property of the University in Fayette County, Kentucky, and all educational buildings and necessary appurtenances hereafter erected upon such property from available funds of the Board or from the proceeds of an issue of its "Consolidated Educational Buildings Revenue Bonds," authorized to be issued from time to time to provide the cost (not otherwise provided) of erecting and completing educational buildings and appurtenant facilities, but excluding all housing buildings and facilities and all buildings and facilities exclusively for athletics, as distinguished from those which are, or may be, wholly or principally for physical education; and

WHEREAS, the Board has heretofore established and is operating certain Community Colleges elsewhere than in Fayette County and without the scope of said Consolidated Educational Buildings Project, including such Community Colleges in or adjacent to the City of Ashland in Boyd County, the City of Covington in Kenton County, the City of Cumberland in Harlan County, and the City of Henderson in Henderson County; and is in the course of establishing and providing educational buildings and appurtenant facilities for Community Colleges in or adjacent to the City of Elizabethtown in Hardin County, and the City of Prestonsburg in

Floyd County, and may undertake in the future to establish and provide educational buildings and appurtenant facilities for Community Colleges elsewhere in the Commonwealth and outside of Fayette County; and

WHEREAS, the Board of Trustees has determined that the erection of educational buildings and necessary appurtenances for such Community Colleges will require the borrowing of money and the issuance of revenue bonds payable solely from the revenues of the building or buildings so erected, and of educational buildings heretofore constructed on property now owned by, or educational buildings leased by, or hereafter acquired or leased by said University elsewhere than in Fayette County, Kentucky; and

WHEREAS, under the provisions of Section 162.340, et seq., of the Kentucky Revised Statutes, the Board of Trustees is authorized to issue revenue bonds for the purpose of erecting and completing such educational buildings and otherwise as hereinafter provided; and

WHEREAS, the Board of Trustees has determined that it is in the best interests of the University to create and establish an issue of revenue bonds to be issued for the aforesaid purposes from time to time as funds are required for such purposes, all such bonds to be payable from the revenues of the educational buildings so erected together with the revenues from all other educational buildings which may have heretofore been or may hereafter be made parts of the Community Colleges Educational Buildings Project of the University of Kentucky, in the manner hereinafter provided and to constitute a charge and lien on said revenues on a parity with all other bonds issued under the authority of this Resolution without preference or priority as between bonds of different dates of issue, maturities, series or installments;

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

ARTICLE I - Definitions:

Section 1.01. In each and every place in and throughout this Resolution 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, having its seat of control and government in Lexington, Fayette County, Kentucky.

(b) "Board" - the Board of Trustees of the University of Kentucky, as created and existing under the provisions of Section 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) "Community College" - an educational institution of the Commonwealth of Kentucky, and the educational buildings and appurtenant facilities thereof, elsewhere than in Fayette County, Kentucky, operated by and under the control of the Board, primarily for the purpose of education above the level of education as provided by the common school system of the Commonwealth; but which may include, if so declared by the Board in a Series or Supplemental Resolution (as hereinafter defined), educational buildings and appurtenant facilities for education within the level of such common school system, if the same are provided wholly or in substantial part for the purpose of implementing or supplementing educational instruction and training through observation or practice.

(d) "Trustee" - a bank or trust company or a combined bank and trust company created and existing under the laws of the Commonwealth of Kentucky; or a national banking association created and existing under the laws of the United States, having proper trust powers, and having its principal office and place of business in the City of Lexington, Fayette County, Kentucky, or in the City of Louisville, Jefferson County, Kentucky, or any successor Trustee to be designated pursuant to the provisions of this Resolution.

(e) "Paying Agents" - the Trustee, or any successor Trustee, as defined in the foregoing paragraph (d) and any other place or places of payment of principal of and interest on bonds as may be designated pursuant to the provisions of this Resolution.

(f) "Aggregate Principal, Interest and Bond Fund Charges" - as of any particular date of computation and with respect to a particular twelve month period, an amount of money equal to the aggregate of the amounts required by the provisions of the Resolution and all Series Resolutions to be paid into the Bond Fund in such twelve month period for account of the interest on all outstanding Bonds becoming due during such twelve month period and to accomplish the retirement of the principal of all outstanding Bonds at or prior to the maturity thereof.

(g) "Bonds" - all "Community Colleges Educational Buildings Revenue Bonds" of the Board of the issue established and created by the Resolution which are issued pursuant to a Series Resolution authorizing the issuance of a Series of Bonds.

(h) "Community Colleges Educational Buildings Project" or "Project" - all educational buildings and necessary appurtenances heretofore erected and located on property of the University at a Community College which is identified in this Resolution and all educational buildings and necessary appurtenances presently in the course of erection or which may hereafter be erected upon such property from available funds of the Board or from the proceeds of the sale of the Bonds, and all such educational buildings and necessary appurtenances which may be owned

by the University at any Community College outside of Fayette County, Kentucky which may in the future by a Series Resolution or a Supplemental Resolution be specifically added to and constituted a part of the "Community Colleges Educational Buildings Project," and all educational buildings and necessary appurtenances hereafter erected at any such Community College added in the future from available funds of the Board or from the proceeds of the sale of the Bonds; but excluding all housing buildings and facilities and all buildings and facilities exclusively for athletics, as distinguished from those which are, or may be, wholly or principally for physical education. Buildings and necessary appurtenances leased by the University for educational purposes at any such Community College shall constitute parts of the "Community Colleges Educational Buildings Project" so long as they are or may be leased by the University for educational purposes.

(i) "Enabling Act" - Sections 162.340, et seq., of the Kentucky Revised Statutes.

(j) "Operating Costs" - all costs and expenses paid or incurred by the Board in connection with the operation and maintenance of the Community Colleges Educational Buildings Project including insurance.

(k) "Resolution" - this Resolution.

(l) "Revenues" - all revenues derived from the Community Colleges Educational Buildings Project, and which revenues are derived, or are to be derived, through the collection of a student registration fee from all students attending Community Colleges of the University elsewhere than in Fayette County which are made parts of the Community Colleges Educational Buildings Project.

(m) "Series of Bonds" or "Bonds of a Series" - the Series of Bonds authorized by a Series Resolution.

(n) "Series Resolution" - a resolution supplemental to the Resolution, authorizing the issuance of a Series of Bonds.

(o) "Supplemental Resolution" - a resolution supplemental to the Resolution, which expands the Project to include additional Community Colleges, or educational buildings and appurtenant facilities of one or more existing Community Colleges which are already included as parts of the Project, whether an additional Series of Bonds be authorized thereby or not; or for any of the other purposes permitted by Section 8.01 of the Resolution.

(p) "Amendatory Resolution" - a resolution amending this Resolution, adopted and made effective with concurrence of the holders of 75% of the Bonds at the time outstanding, according to proceedings as

authorized and permitted by Section 8.02 of the Resolution.

(q) "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.

(r) "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.

(s) "Fiscal Year" - the Fiscal Year shall be the twelve (12) month period beginning July 1 of each year and ending June 30 of the following year.

(t) "Treasurer" - the Treasurer and each and every Assistant Treasurer and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Treasurer of the Board.

(u) "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.

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

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

ARTICLE II - Authorization and Issuance of Bonds.

Section 2.01. All educational buildings and necessary appurtenances owned or leased by the University in the operation of Community Colleges in or adjacent to the City of Ashland in Boyd County, the City of Covington in Kenton County, the City of Cumberland in Harlan County, the City of Elizabethtown in Hardin County, the City of Henderson in Henderson County, and the City of Prestonsburg in Floyd County, Kentucky, as said Community Colleges presently exist; and all educational buildings and necessary appurtenances hereafter owned or leased by the University in the operation thereof, including in all instances such educational buildings as may be erected at such Community Colleges upon property owned by the University from available funds of the Board or from the proceeds of sale of the Bonds authorized under the Resolution; together with such educational buildings and necessary appurtenances of a Community College or

Community Colleges elsewhere in the Commonwealth of Kentucky as may be added in the future by one or more Series or Supplemental Resolutions, are hereby consolidated as a single Community Colleges Educational Buildings Project, and so long as any of the Bonds are outstanding under the Resolution said Project shall be operated and maintained on a consolidated basis for the security and source of payment of said Bonds.

Section 2.02. Pursuant to the authority contained in the Enabling Act there is hereby established and created an issue of Bonds of the Board of Trustees of the University of Kentucky to be known and designated as "University of Kentucky Community Colleges Educational Buildings Revenue Bonds" which said Bonds may be issued as hereinafter provided without limitation as to amount except as provided in the Resolution. Said Bonds shall 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, but shall be payable solely from the Revenues. The Bonds shall constitute a paramount charge on the Revenues in the manner and to the extent hereinafter provided over and ahead of all bonds of any issue payable from said Revenues which may be hereafter created and established and over and ahead of all claims or obligations of any nature against the Revenues hereafter arising or hereafter incurred. All Bonds shall be equally and ratably secured without priority by reason of Series designation, number, date of Bonds, date of sale, execution, maturity or delivery, by a charge on the Revenues, all in accordance with the provisions of the Enabling Act and the Resolution.

Section 2.03. The issuance of said Bonds may be authorized by Series Resolution or Series Resolutions of the Board adopted subsequent hereto in one or more Series. The Bonds of each Series shall, in addition to the title "University of Kentucky Community Colleges Educational Buildings Revenue Bonds," contain an appropriate Series designation. Each Series Resolution authorizing the issuance of a Series of Bonds shall declare that said Bonds are authorized and issued under the Resolution and in conformity with Section 7.10 of the Resolution and shall also specify:

(1) the authorized principal amount of said Series of Bonds;

(2) the purposes for which the Bonds of such Series are being issued, which shall be only for the payment of the cost of erecting, reconstructing, or completing one or more educational buildings with necessary appurtenances and which building or buildings will become and constitute a part of the Community Colleges Educational Buildings Project; provided, however, if the Board of the University shall acquire one or more such buildings with necessary appurtenances and by Series Resolution make the same a part or parts of the said Project, and the same are subject to pre-existing encumbrances, Bonds may be issued (if and to the extent permitted by law), to discharge or reduce such encumbrances, either as a separate Series or as part of a Series otherwise for one or more of the purposes herein otherwise permitted;

(3) the date, maturity dates and the interest payment dates to the Bonds of said Series;

(4) the interest rate or rates, or the manner of determining such rate or rates;

(5) the denominations and the manner of numbering the Bonds of such Series;

(6) the premiums, if any, to be paid upon the redemption of the Bonds of such Series and the terms and manner of such redemption, if and to the extent the Bonds are to be redeemable;

(7) the Trustee for the Bonds of such Series (which Trustee shall be appointed by the Series Resolution authorizing the initial Series of Bonds and the trusteeship confirmed in each subsequent Series Resolution);

(8) the place or places of payment of the principal of and interest on and redemption premium, if any, on the Bonds of such Series;

(9) provisions for the sale of the Bonds of such Series;

(10) the form of the Bonds of such Series and of the coupons to be attached thereto and the form of the Trustee's authentication certificate; and

(11) any other provisions deemed advisable by the Board not in conflict with the provisions of the Resolution.

Section 2.04. Bonds of a Series shall mature on May 1 of each of the years in which any principal of said Series of Bonds is scheduled to become due and not more than forty (40) years from the date thereof, all as more fully set forth in the Series Resolution authorizing the issuance of a Series of Bonds. Interest on all Bonds shall be payable semiannually on May 1 and November 1 of each year beginning not more than six (6) months from the date of such Bonds. All Bonds of like maturity of any Series of Bonds shall be identical in all respects except as to numbers.

ARTICLE III - Terms and Provisions of Bonds.

Section 3.01. Bonds of each Series shall be executed on behalf of the Board by the signature of the Chairman and attested by the Secretary of the Board and the corporate seal of said Board shall be impressed or imprinted thereon, provided that in the Series Resolution provision may be made for the execution of said Bonds with the reproduced facsimile of the official signature of either, but not both, said Chairman or Secretary. The interest coupons attached to said Bonds shall be executed with facsimiles of the official signatures of said Chairman and said Secretary in office on the date of execution of the Bonds; and Bonds and coupons so executed shall be valid and binding obligations notwithstanding that before the delivery thereof and payment therefor any or all persons whose

signatures appear thereon shall have ceased to be such officers. All Bonds shall be payable as to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment thereof is legal tender for the payment of public and private debts.

Section 3.02. Bonds of each Series shall be issued in the form of coupon bonds registrable as to principal only. The Bonds, except while registered as to principal otherwise than to bearer, shall pass by delivery. The registration of any Bond as to principal only shall not affect negotiability of the coupons thereto appertaining, which shall remain payable to bearer and pass by delivery. The Board, the Trustee, the Paying Agents and any other person may treat the bearer (or if such Bond be registered, the registered owner) of any Bond, the bearer of any Bond registered as payable to bearer, and the bearer of any coupon whether or not the Bond to which said coupon appertains is registered as to principal, as the absolute owner of such Bond or coupon, as the case may be, for the purpose of making payment thereof and for all other purposes, and neither the Board, the Trustee nor the Paying Agents shall be bound by any notice or knowledge to the contrary, whether such Bond or coupon shall be overdue or not. All payments of or on account of interest to any bearer of any coupon and all payments of or on account of principal to any bearer (or if such Bond be registered, the registered owner, or to any bearer of any Bond registered to bearer) of any Bond, shall be valid and effectual and shall be a discharge of the Board, the Trustee and the Paying Agents, in respect of the liability upon the Bond or coupon or claim for interest, as the case may be, to the extent of the sum or sums so paid.

Section 3.03. The Board will cause to be kept at the principal office of the Trustee, as bond registrar of the Board at all times while any of the Bonds containing provisions for registration and transfer shall be outstanding and unpaid, books for the registration and transfer of such Bonds. Upon presentation at the office of the Registrar by any bearer of any Bond containing provisions for registration as to principal only, the Board will, under such reasonable regulations as (with the approval of the Registrar) it may prescribe from time to time, cause such Registrar to register in such books, in the name of the bearer or his nominee, the ownership as to principal only, of any such presented Bond, and such registration shall be noted on the Bond. After such registration and notation, no transfer of any such Bond registered otherwise than as to bearer shall be valid unless evidenced by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by his duly authorized agent; but any such Bond so registered may be discharged from registration, and transferability by delivery thereof may be restored, by a like transfer to bearer similarly registered and noted, and after such transfer to bearer such Bond shall be a bearer Bond. Any such Bond containing provisions for registration may again, from time to time, in like manner, be registered as to principal only or be transferred to bearer.

Section 3.04. The Bonds and coupons may be presented for payment at the principal office of the Trustee or of any of the Paying Agents of the Board. All Bonds and interest coupons paid shall be cancelled by the Trustee or Paying Agents and such cancelled Bonds and interest coupons shall be promptly transmitted to the Treasurer by the Trustee or Paying Agents. The Treasurer shall cremate

said Bonds and coupons and prepare and file with the Board appropriate cremation certificates.

The interest on and principal of all Bonds shall be payable at the principal office of the Trustee and at any one of the Paying Agents of the Board. Payment of the interest on the Bonds shall be made only upon presentation and surrender of the coupons representing such interest, as the same respectively become due and payable. The principal of all Bonds shall be payable upon the presentation and surrender thereof at the principal office of the Trustee or of any one of the Paying Agents of the Board.

Section 3.05. Only Bonds as shall bear thereon endorsed a certification of authentication executed by the Trustee, shall be secured by the Resolution 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 under the Resolution and that the holder thereof is entitled to the benefit of the trust hereby created.

Section 3.06. Before authenticating any Bonds the Trustee shall cut off, cancel, and cremate all matured coupons, if any, thereon and the Trustee shall deliver to the Board a certificate of cremation thereof. If at the time the printer is directed to prepare any Bonds it is known that one or more appurtenant coupons will have matured prior to issuance and delivery, the printer may be instructed not to prepare such coupons, and in that event a certificate of the printer that such coupons were not prepared may be accepted in lieu of a certificate of cremation thereof.

Section 3.07. 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, and of indemnity satisfactory to them, and upon surrender and cancellation of such Bond if mutilated, the Board may execute and the Trustee may authenticate and deliver, upon the lapse of such period of time as they may deem advisable, a new Bond of like tenor and maturity bearing the same or different serial number, to be issued in lieu of such lost, stolen, destroyed or mutilated Bond. The Board may require the payment of cost for each new Bond issued under this section, and the furnishing of indemnity satisfactory to the Board. The Trustee shall incur no liability for anything done by it under this section in the absence of negligence or fault.

ARTICLE IV · Creation of Funds and Payments Therefrom.

Section 4.01. There is hereby pledged to the payment of the principal of, interest on, and any premium upon the redemption of, the Bonds, the proceeds of the sale of the Bonds until expended for the authorized purpose, the Revenues received by the Board and all funds established by and in accordance with the provisions of the Resolution, including the investments, if any, of any of such funds, all in accordance with the terms and provisions of said Bonds and of the Resolution, and there is hereby created in favor of said Bonds, a paramount charge on all of

said Revenues over and ahead of all other bonds not contemplated by the Resolution payable from said Revenues which may be hereafter issued, and over and ahead of all claims or obligations of any nature against said Revenues hereafter arising or hereafter incurred. The Board covenants and agrees that the foregoing pledge shall be valid and binding from and after the date of the issuance, sale and delivery of any Bonds issued pursuant to the Resolution, and all such money and securities hereby pledged shall then be subject to the lien of this pledge without any physical delivery thereof, or any further action by the Board.

Section 4.02. It is hereby represented, covenanted and agreed that the Board of the University, with the approval of the Council on Public Higher Education, has heretofore established, and so long as any of the Bonds are outstanding will continue to fix, impose, charge and collect for the services of said Community Colleges Educational Buildings Project a student registration fee from all students attending Community Colleges which are, or may hereafter be made, parts of the Project. The initial schedules of such minimum student registration fees are, as follows:

	<u>Present</u>	<u>Effective September 1, 1963</u>
Semester Registration Fee for Resident Students	\$ 71.75	\$ 81.75
Semester Registration Fee for Non-Resident Students	221.75	231.75
Summer School Registration Fee for Resident Students	37.50	45.00
Summer School Registration Fee for Non-Resident Students	107.50	115.00

These fees or as the same shall be revised from time to time shall constitute Revenues of the Community Colleges Educational Buildings Project, and shall be collected as of the commencement of each regular Community College year or at the commencement of each semester of the regular Community College year, as the case may be, and at the commencement of the regular summer session and as collected shall be set apart and paid into the Revenue Fund hereinafter created.

Section 4.03. The Board covenants and agrees that, upon the issuance and delivery of any Bonds pursuant to the Resolution, all Revenues theretofore or thereafter held or collected by the Board and derived from the Community Colleges Educational Buildings Project, or received by the Treasurer therefrom, shall be deposited as collected in the Revenue Fund hereinafter created to be held and administered by the Treasurer. Moneys and securities from time to time in the Revenue Fund shall be trust funds of the Board for the uses and purposes provided in the Resolution and in the Series Resolution adopted pursuant to the provisions hereof, and shall be paid out and applied for the uses and purposes for which said

moneys are pledged by the provisions of the Resolution.

Section 4.04. From and after the issuance of any Bonds pursuant to the Resolution all Revenues from the Community Colleges Educational Buildings Project shall be deposited to the credit of a special fund to be known as the "Community Colleges Educational Buildings Project Revenue Fund" (hereinafter referred to as the "Revenue Fund") which Revenue Fund is hereby created. Such Revenue Fund shall be held in the custody of the Treasurer of the Board, separate and apart from other funds. Such Revenue Fund shall be maintained so long as any of the Bonds are outstanding as a trust fund in one or more banks which shall be members of the Federal Deposit Insurance Corporation, and shall be expended and used by the Treasurer only in the manner and order hereinafter specified.

Section 4.05. There is hereby created a separate account called the "Community Colleges Educational Buildings Project Bond and Interest Sinking Fund" (hereinafter referred to as the "Bond Fund"). The Bond Fund shall be established and maintained by and in the custody of the Trustee, and maintained by it so long as any of the Bonds are outstanding. Such Bond Fund shall be used by the Trustee to pay interest on the Bonds as it becomes due from time to time, and to pay and retire the Bonds as they mature, or as otherwise herein provided.

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

(1) There will be deposited in the Bond Fund the accrued interest, if any, received at the time or times of the sale or sales of the Bonds, together with such further sum, if any, from the Bond proceeds as may be determined by the Board in the Series Resolution as necessary to provide for the payment of the interest on the Bonds for a period not in excess of three years from the date of the issuance thereof.

(2) That from and after the issuance of any of the Bonds and thereafter on May 1 of each year the Treasurer shall transfer from the Revenue Fund and deposit to the credit of the Bond Fund all the Revenues as and when the same are received and deposited in the Revenue Fund until there has been so deposited and paid into the Bond Fund an amount equal to the total interest and principal becoming due on or prior to the next succeeding May 1 on all Bonds outstanding, and if by reason of a disproportionate amount of principal being scheduled to become due on May 1 of any year provision is made in the pertinent Series Resolution authorizing such Series of Bonds for payments into said Bond Fund in addition to current interest and principal requirements then the amount of such additional payments shall also be transferred from the Revenue Fund and deposited to the credit of the Bond Fund as so specified in such Series Resolution.

Provided, further, that for the purpose of creating and maintaining a reserve in said Bond Fund equal to the maximum Aggregate Principal, Interest and Bond Fund Charges the amount to be so set aside into said

Bond Fund shall be 125% of the amounts otherwise herein provided to be paid into said Bond Fund until and so long as such reserve is so accumulated, and thereafter the same shall be resumed and continued whenever and so long as required to restore and maintain such reserve.

(3) The amount by which such payments exceed the Aggregate Principal, Interest and Bond Fund Charges in any particular twelve month period shall be held in said Bond Fund as a reserve, and unless all Bonds payable from said Bond Fund at the time outstanding are to be then retired only such part of said Bond Fund may be used to purchase or redeem Bonds in advance of maturity as may be in excess of the Aggregate Principal, Interest and Bond Fund Charges and the prescribed reserve. Any such purchase of Bonds prior to maturity shall be made at the lowest prices (not exceeding their current fair market value to be determined by the Trustee nor the terms for redemption thereof) following advertisement for tenders, but if insufficient acceptable tenders are received the remaining excess may be applied to the calling and redemption of Bonds in the manner as specified in the Resolution and in accordance with the terms as specified in the Bonds. All Bonds so purchased or redeemed shall be cancelled.

Section 4.06. At least thirty days prior to each interest payment date, the Trustee shall set aside from the Bond Fund funds sufficient to pay all Bonds and interest coupons maturing on such interest payment date and the Trustee shall make such arrangements with said Paying Agents as to secure the prompt payment of maturing Bonds and coupons, if any, as are there presented. The Trustee shall make similar arrangements in the event of redemption of any Bonds. All such arrangements shall include provisions for the payment to the Paying Agents of their reasonable fees and charges for their services in paying and cancelling Bonds and coupons, if any, in order that the persons entitled to receive payment therefor may receive the full amount due and payable without deduction of any sum for the compensation of the Paying Agents.

Section 4.07. Whenever all required payments from the Revenue Fund into the Bond Fund have been made in any particular twelve month period ending May 1 and there remains a balance in the said Revenue Fund the moneys remaining in said Revenue Fund may be used by the Board to pay the Operating Costs of the Community Colleges Educational Buildings Project to the extent the same are not otherwise provided or such moneys may be used for any other lawful purpose including the purchase or retirement of Bonds in advance of maturity.

Section 4.08. Whenever and so long as the assets of the Bond Fund shall be sufficient in the aggregate to provide moneys to pay all Bonds then outstanding including such interest thereon as may thereafter become due and payable and any premiums upon redemption thereof, no further payments need be made into the Bond Fund.

The Bond Fund shall be drawn upon for the sole purpose of paying the principal, interest and redemption premium on the Bonds. Money set aside from

time to time by the Trustee for such principal, interest and redemption premium shall be held in trust for the holders of the Bonds and appurtenant coupons with respect of which the same shall have been so set aside. Until so set aside for the payment of principal, interest or redemption premium as aforesaid, all moneys in the Bond Fund shall be held in trust for the benefit of the holders of all Bonds at the time outstanding equally and ratably and without preference or distinction as between Bonds of different Series, installments, or maturities.

Section 4.09. The proceeds derived from time to time from the sale of Bonds shall be deposited by the Treasurer in the Bond Proceeds Series-Construction Account, which is hereby created, with the exception of any amounts received upon the delivery of such Bonds, or set aside for interest thereon, which amounts shall be deposited in the Bond Fund. The proceeds of such Bonds shall be expended for the purposes stated in paragraph (2) of Section 2.03 of the Resolution, including such engineering, accounting, legal and fiscal expenses incurred or paid in connection with the issuance of the Bonds and interest on the Bonds during the erection and completing of the educational building or buildings for account of which the Bonds were issued in such amount as may be determined necessary by the Board and not in excess of interest for three years from the date of issuance of such Bonds.

Section 4.10. The Bond Proceeds Series-Construction Account shall be maintained in the State Treasury of the Commonwealth of Kentucky and the Treasurer of the University shall transmit to the Treasurer of the Commonwealth the deposit provided to be made therein by Section 4.09; and after making such deposit the Treasurer of the University shall have no further responsibility in connection therewith. Disbursements from said account shall be made solely for the aforesaid purposes and in accordance with inspection, audit and disbursement procedures from time to time provided by law. Moneys therein not required for immediate disbursement for the purposes of said account may be invested and reinvested solely in bonds or interest bearing notes of the United States Government maturing or being subject to redemption at the option of the holder not later than two years from the date of each investment.

Moneys in the other funds and accounts established pursuant to the Resolution and not required for immediate disbursement for the purposes for which said funds and accounts are created may be invested and reinvested by the Treasurer or the Trustee as the case may be with the approval of the Board, solely in bonds or interest bearing notes of the United States Government maturing or being subject to redemption at the option of the holder not later than two years from the date of such investment.

The interest and realized income from the investment of moneys in any fund or account shall be added to and become a part of the fund or account out of which the investment was made. The expenses of purchase, safekeeping, sale and redemption and all other expenses and losses incident to said investments shall be charged to the fund or account out of which the investment was made.

ARTICLE V - Concerning the Trustee and Paying Agents.

Section 5.01. In the Series Resolution authorizing the issuance of the initial Series of Bonds the Board shall appoint a Trustee and so long as any Bonds are outstanding under the Resolution the Trustee so appointed or a successor Trustee appointed in the manner as hereinafter provided shall be the Trustee under the Resolution.

Section 5.02. The Board shall appoint one or more Paying Agents for the Bonds of a Series in the Series Resolution authorizing the issuance of such Bonds. The Trustee shall serve as Paying Agent for Bonds in addition to performing the duties of Trustee.

Section 5.03. Except as otherwise expressly provided in the Resolution, any request, consent, demand, notice, order, appointment or other direction made or given by the Board to the Trustee or to the Paying Agents shall be deemed to have been sufficiently made or given by the proper party or parties if executed on behalf of the Board by the Chairman or Secretary of said Board, and the Trustee and any Paying Agent may conclusively rely as to the correctness of the statements, conclusions and opinions expressed therein upon any certificate, report, opinion or other document furnished to the Trustee and any Paying Agent pursuant to any provision of the Resolution.

Section 5.04. A certified copy of the Resolution shall be filed with the Trustee appointed by the Board in the Series Resolution authorizing the issuance of the initial Series of Bonds, and acceptance by the Trustee of the trusts hereby created in accordance with the terms and conditions set out will be conclusively presumed and evidenced by execution of the authentication certificate to be endorsed upon the Bonds. The Trustee shall have no responsibility with respect to the validity of said Bonds or the legal sufficiency of the proceedings for their issuance. It shall be no duty of the Trustee, except as otherwise herein provided, to see that any duties herein imposed upon the Board or covenants or agreements herein contained on behalf of the Board are performed. All compensation to the Trustee for services leading up to and including authentication of the Bonds may be paid from the proceeds of said Bonds. Compensation for any service thereafter rendered by the Trustee shall be deemed to constitute an item of Operating Costs of the Community Colleges Educational Buildings Project.

The Trustee may in good faith buy, sell, own, hold, and deal in any of the Bonds with like effect as if it were not such Trustee.

Section 5.05. The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing given to the Board and published at least once in a newspaper or financial journal of general circulation in each of the Cities of Louisville, Kentucky, and New York, New York, at least thirty (30) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee, if such new Trustee be appointed and qualified before the time limited by such notice. The Trustee may be removed at any time by an instrument in writing signed by the holders of not

less than the majority of the principal amount of the Bonds then outstanding.

In case at any time the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting, or the offices of the Trustee shall be taken over by any governmental official or board, or if the position of the Trustee shall become vacant for any reason, a successor shall be appointed by the Board and unless such appointment be made within ten (10) days after the vacancy shall have occurred, the holders of a majority in principal amount of the Bonds then outstanding may make such appointment by an instrument in writing signed by any such Bondholders and filed with the Board. Any Trustee originally appointed or thereafter appointed shall be a trust company or bank having trust powers, authorized to and doing business from a principal office in Lexington or Louisville, Kentucky. The Board shall publish notice of any such appointment by it made once each week for four consecutive weeks in a newspaper or financial journal of general circulation in each of the Cities of Louisville, Kentucky, and New York, New York.

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, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Board, or of its successor, execute and deliver any instrument transferring to such successor Trustee, all the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents and records held by it to its successor; provided, however, that before any such delivery is required or made, all fees and expenses of such predecessor shall be paid in full. Should any instrument in writing from the Board be required by any successor Trustee 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 such instrument in writing shall and will on request be executed, acknowledged and delivered by the Board.

ARTICLE VI - Redemption of Bonds.

Section 6.01. Any Series Resolution may provide that the Bonds authorized thereby may be subject to redemption prior to maturity in the manner and upon the terms and conditions specified in such Series Resolution at such time and upon the payment of such premiums, if any, as shall be therein provided, and upon compliance with the terms contained in the Resolution.

Section 6.02. Any Series Resolution providing for the issuance of a Series of Bonds which are redeemable prior to maturity in part shall also provide the method of determining the serial numbers of the particular Bonds within a maturity to be redeemed.

Section 6.03. Notice of any such redemption shall be given by the Board by publication of a notice, which notice shall specify the title, series, maturities and numbers, or other distinguishing marks of such Bonds to be redeemed in the event of redemption of part only of a Series of Bonds, the redemption date and the place or places where the amount due upon such redemption will be payable. Such notice shall further state that upon the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the principal amount thereof, plus the premium, if any, due upon the said redemption date together with the interest accrued to the redemption date, and that from and after the redemption date interest thereon shall cease to accrue and become payable. Such notice shall be published at least once not less than thirty (30) days prior to the redemption date in a newspaper or financial journal of general circulation published in each of the Cities of Louisville, Kentucky and New York, New York. The Board shall give written notice to the Trustee of its election to redeem Bonds at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. Whenever notice of redemption has been duly given as herein provided, the Trustee shall, not later than five (5) days prior to the date fixed for redemption in such notice make such arrangements with the Paying Agent or Paying Agents for the Bonds to be redeemed to secure the prompt redemption of all Bonds to be redeemed, if any, as are there presented.

Section 6.04. Notice having been given by publication in the manner provided in Section 6.03 the Bonds so called for redemption shall become due and payable on the redemption date designated in such notice, upon presentation and surrender thereof at the offices of the Trustee and Paying Agents specified in such notice, together with appurtenant coupons maturing subsequent to the redemption date. If moneys for the redemption of all the Bonds to be redeemed on any redemption date, together with the interest to the redemption date shall be held by the Trustee so as to be available therefor on the date fixed for redemption thereof, and if notice of redemption of such Bonds shall have been published as provided in this Article, then from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue and become payable, and the coupons for interest pertaining thereto maturing subsequent to the redemption date shall be void, and all Bonds so called for redemption shall be payable solely from moneys set aside for the payment thereof by the Trustee and said Bonds shall no longer be secured by the charge on and pledge of the Revenues of the Community Colleges Educational Buildings Project created by the Resolution. If moneys shall not be available on the redemption date specified for the payment of any Bonds for the payment of such Bonds as shall have been called for redemption, such Bonds shall continue to bear interest until paid at such rate as they would have borne had they not been called for redemption, and shall continue to be secured by the charge on and pledge of the Revenues herein created for the security and payment thereof.

ARTICLE VII - Covenants to Secure Bonds.

Section 7.01. The Board covenants and agrees that it will establish, maintain and collect, so long as any Bonds are outstanding under the Resolution, such student registration fees for the services of the Project as may be necessary, together with other pledged Revenues, if any, (1) to pay the interest on and principal of the Bonds as they respectively mature, to provide reserves therefor and (2) to pay the Operating Costs of the Project to the extent the same are not otherwise provided.

In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in Revenues the Board hereby covenants and agrees to establish, maintain and collect such student registration fees and other pledged Revenues for the services of the Project as will produce Revenues in each twelve month period ending May 1 equal to at least 110% of the current Aggregate Principal, Interest and Bond Fund Charges.

The Board further covenants and agrees that while any of the Bonds are outstanding, it will, except as provided in Section 4.07, pay the current Operating Costs of the Project from available funds other than the Revenues derived from the Project.

Section 7.02. The Board covenants and agrees that it will not suffer or permit any default to occur under the Resolution, but will faithfully observe and perform all of the conditions, covenants and requirements hereof obligatory upon it.

Section 7.03. The Board covenants and agrees that it will duly and punctually pay or cause to be paid the principal sum, and the interest accruing on said principal, on each and every one of the Bonds issued under the Resolution, at the dates and places and in the manner provided in said Bonds and in the coupons thereunto appertaining, according to the terms thereof and of the Resolution; and that so long as any of the Bonds shall remain outstanding and unpaid, it will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any Bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise; that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the Board, then, anything in the Resolution contained to the contrary notwithstanding, such interest coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from the Resolution, except after the prior payment in full of the principal of all Bonds issued under the Resolution and of such interest coupons and claims for interest as shall not have been so extended.

Section 7.04. The Board shall procure and maintain, so long as any of the Bonds are outstanding and to the extent available 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 eighty (80%) per centum of the full insurable value of the Project. Such insurance shall be in reputable insurance companies, or, at the option of the Board, may be procured and maintained through the State Fire and Tornado Insurance Fund of the Commonwealth of Kentucky in reputable insurance companies, loss, if any to be made payable to the Trustee as its interests may appear. From and after the issuance of any Bonds the Board will within four (4) months after the close of each calendar year, 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 describing all insurance then in force. The Trustee may, at its option, require the Board to deposit with it any or all such insurance policies, and shall require such deposit if any event of default occurs. If the total received by the Trustee upon all policies shall in the case of one loss be less than the sum of Ten Thousand (\$10,000) Dollars, the amount shall be paid to the Board by the Trustee, to be used by the Board to pay for replacement or repairs or substitutes for the damaged or destroyed property, but the Trustee shall not be obligated to see to the application thereof. In all other cases, the proceeds of any and all insurance on the Project which may be received by the Trustee shall be applied by the Trustee as hereinafter provided.

All insurance moneys (except property insurance in amounts of less than Ten Thousand (\$10,000) Dollars 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 costs of repairing or replacing part or all of the property damaged or destroyed or the reasonable costs of substitute facilities; 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, replacements or substitute facilities and said insurance moneys shall be paid out by the Trustee only when the same shall be fully sufficient to complete such repairs, replacements or substitute facilities as shown by 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 the Resolution. 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 obligated, 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 moneys. In the event insurance proceeds shall remain after the completion of such repairs, replacements or substitute facilities or in the event of a failure to repair or replace the property damaged or destroyed or to construct substitute facilities then the Trustee shall deposit such moneys in the Bond Fund provided for by Article IV hereof, and such moneys shall be applied to the retirement of Bonds.

Section 7.05. Unless provision is otherwise made by law for disposition by the Commonwealth of claims made against the University for bodily injury and/or death which may arise from the operations of the Board, including any use or occupancy of its grounds, structures and vehicles, 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 Fifty Thousand (\$50,000) Dollars for one person, and One Hundred Thousand (\$100,000) Dollars 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 operations of the Board, including any use or occupancy of its ground, structures and vehicles.

Section 7.06. The Board covenants and agrees that it will at all times maintain, preserve and keep the Project and every part thereof in good condition, repair and working order, and will from time to time make all needful and proper repairs, replacements, additions, betterments and improvements so that the operations and business of and pertaining to the Project and every part thereof shall at all times be conducted efficiently, properly and advantageously; and whenever any portion of the Project shall have been worn out or destroyed or shall have become obsolete, inefficient or otherwise unfit for use, the Board will procure and install substitutes of at least equal value, utility and efficiency, so that the value and efficiency of the Project shall at all times be fully maintained; and the Board will set apart, use and apply for the foregoing purposes so much of the Revenues of the Project as may be required, subject to the payments provided for in Article IV hereof.

Section 7.07. The Board covenants and agrees that it will not issue, or permit to be issued, any Bonds under the Resolution other than in accordance with the provisions of the Resolution and the agreements in that behalf herein contained, and that it will faithfully observe and perform all conditions, covenants and requirements of the Resolution and of all Series Resolutions supplemental thereto.

Section 7.08. While any of the Bonds are outstanding the principal office of the Trustee shall be conclusively deemed to be the office or agency of the Board where notices, presentations and demands to or upon the Board in respect of the Resolution or any Series Resolution, or of such Bonds or coupons may be given or made; and the Board hereby appoints the Trustee its agent on its behalf to receive all such notices, presentations and demands.

Section 7.09. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. It further covenants that not later than ninety (90) days after the close of each Fiscal Year it will furnish to the Trustee, and to any Bondholders who shall request the same in writing, copies of audit reports prepared by an independent certified public accountant, or a firm of independent certified public accountants, who shall be satisfactory to the Trustee, or by an appropriate State auditing official, reflecting in reasonable detail the financial condition and record of operation of the University, the Project, and the pledged Revenues during the preceding Fiscal Year.

Section 7.10. The Board will not hereafter create or permit the creation of or issue any bonds or other obligations which will rank on a parity with or have a priority over the charge on the Revenues or the payments to be made into the Bond Fund herein created, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds and secured by an equal charge on such Revenues in such principal amount as may be required to accomplish purposes set forth in paragraph (2) of Section 2.03 hereof. Additional Bonds ranking on a parity with the Series of Bonds initially issued may be issued hereunder only for such purposes provided:

(1) That there is at the time of the issuance of such additional Bonds no deficiency in amounts required by the Resolution or any Series Resolution to be paid into the Bond Fund; and

(2) That the average of the annual Revenues from the Project for the two Fiscal Years immediately preceding the issuance of said additional Bonds as indicated in a statement by the Treasurer to be filed with the Trustee was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Bonds then outstanding and the additional Bonds proposed to be issued. For the purposes of such computation the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increase or decrease in the rates of pledged Revenues, if ordered by the Board and to be effective during the ensuing regular College year. In the event any additional Series of Bonds is to be issued hereunder at a time prior to the elapse of two Fiscal Years immediately following the issuance of the initial Series of Bonds the Treasurer for the purpose of the foregoing computation may use the income derived by the University during the two Fiscal Years immediately preceding the issuance of such additional Series of Bonds from the source of pledged Revenues of the Project and the amount so determined by the Treasurer as indicated in his statement to be filed with the Trustee shall be deemed to be the average of the annual Revenues from the Project for the two Fiscal Years immediately preceding the issuance of such additional Series of Bonds.

Anything in this Section 7.10 to the contrary notwithstanding the Board may issue Bonds on a parity with Bonds previously issued for the purpose of refunding all or any part of the Bonds of one or more Series as may be outstanding as of the maturity thereof or at any time prior thereto either through the exercise of an option for redemption or by an agreement with the holders of the Bonds to be refunded, provided, however, such refunding Bonds issued prior to maturity of the refunded Bonds shall not mature or bear interest in such manner as to reduce the coverage of Revenues over Maximum Principal, Interest and Bond Fund Charges to less than 1.25 times.

ARTICLE VIII - Series Resolutions, Supplemental Resolutions, and Amendatory Resolutions.

Section 8.01. The Board may adopt at any time and from time to time Series Resolutions to provide for the issuance of a Series of Bonds and to prescribe the terms and conditions pursuant to which said Bonds may be issued, paid or redeemed, and the same shall become effective upon the filing of a certified copy thereof with the Trustee.

The Board may adopt at any time and from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and the same shall become effective in accordance with the terms thereof upon the filing of a certified copy thereof with the Trustee, to-wit:

(1) To add additional covenants and agreements of the Board for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Board contained in the Resolution;

(2) To prescribe further limitations and restrictions upon the issuance of Bonds by the Board payable from the Revenues of the Project and which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(3) To surrender any right, power, or privilege reserved to or conferred upon the Board by the terms of the Resolution;

(4) To confirm as further assurance any pledge under the provisions of the Resolution of the Revenues or of any moneys, securities or funds or to pledge Revenues previously unpledged; or

(5) Upon recommendation of or approval by the Trustee to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

Section 8.02. The provisions of the Resolution shall constitute a contract between the Board and the Trustee and the holders of the Bonds as may be outstanding from time to time under the Resolution; provided that modifications, alterations and amendments of the Resolution and of the rights and obligations of the Board and of the holders of said Bonds as may be outstanding may be made by one or more Amendatory Resolutions as in this Section provided.

In the event that it shall appear desirable and to the advantage of both the Board and the holders of said Bonds, the Board may adopt an Amendatory Resolution modifying, altering, or amending the Resolution, but providing therein

that the same shall not become effective unless and until it has had the approval of the holders of the Bonds as hereinafter set out. Immediately upon the adoption of any such Amendatory Resolution the Board shall set a time and place for and call a meeting of the holders of the Bonds to be held at a designated place in the City of Lexington, Kentucky, or in the City of Louisville, Kentucky. Written notice of any such meeting stating the place and time thereof and in general terms the matter to be submitted, shall be mailed not less than thirty (30) days before such meeting:

- (a) to each owner of Bonds registered as to principal then outstanding, addressed to him at his address appearing on the registration books;
- (b) to each known holder of all other Bonds then outstanding, addressed to him as his name and address appear from the most recent information; and
- (c) to the Trustee;

and shall be published at least once in each of two successive calendar weeks immediately preceding the week which includes the date fixed for such meeting in a newspaper or financial journal of general circulation in each of the Cities of Louisville, Kentucky, and New York, New York. All holders of Bonds outstanding at the time of such meeting shall be entitled to vote thereat, and such attendance may be in person or by proxy. Each person seeking to attend or vote at any such meeting must, if required, produce such proof of ownership of Bonds or of personal identity as shall be satisfactory to the inspectors of votes. Every proxy shall be signed by the holder of the Bonds or by his duly authorized attorney and shall be witnessed, and its genuineness if questioned shall be established to the satisfaction of the inspectors of votes. The holders of the Bonds and the holders of proxies present, shall by a majority vote, irrespective of the amount of their holdings, select two persons from those present to act as chairman and secretary, respectively, of the meeting, and also select two other persons from those present to act as inspectors of votes, who shall count all votes cast at such meeting and who shall make and file with the secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting.

The holders (or persons entitled to vote the same) of not less than seventy-five per cent (75%) in principal amount of Bonds entitled to be voted at such meeting must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having the power to adjourn.

At such meeting there shall be submitted to the holders of the Bonds for their approval the Amendatory Resolution theretofore adopted proposing the modification, alteration or amendment.

Any such modification or alteration or amendment of the Resolution or of any rights and obligations of the Board, or of the holders of the Bonds in any particular may be approved at a meeting duly convened and held in accordance with the provisions of this Section, but only by a resolution duly adopted by the affirmative

vote, in person or by proxy, of the holders (or persons entitled to vote the same) of seventy-five per cent (75%) or more in aggregate principal amount of the Bonds outstanding when such meeting is held; provided, however, that no such modification, alteration, or amendment shall be made which will permit (a) an extensions of time of payment at maturity of the principal of or payment of the interest on any Bond, or a reduction in the rate of interest thereon without written consent of the holder of such Bond, or (b) reduce the percentage of holders of Bonds required by the provisions of this Section for the taking of any action under this Section, and provided further that no such modification, alteration, or amendment herein authorized which in the opinion of the Trustee, affects the rights, duties or immunities of the Trustee under the Resolution may be made without the consent of the Trustee.

A record of the proceedings of each such meeting shall be prepared by the secretary of the meeting and shall have attached thereto the original counterparts of the reports of the inspectors of votes and affidavits by one or more persons having knowledge of the facts, setting forth a copy of the notice of the meeting and a copy of the record of any adjournment thereof, and showing that said notices were duly given as herein provided. Such records shall be signed and verified and one duplicate thereof shall be filed with the Secretary of the Board and the other shall be filed with the Trustee for preservation by the Trustee, and thereupon the Amendatory Resolution and its proposed modifications, alterations and amendments, aforesaid, shall become effective, but otherwise shall be null and void.

ARTICLE IX - Defaults; Remedies.

Section 9.01. That for the protection of the holders of the Bonds secured by the Resolution and the interest coupons thereto attached a statutory mortgage lien upon said Project (except buildings which may be leased rather than owned by the University) 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 Trustee 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 of sufficient student registration fees and the segregation and application of the Revenues as provided by the Resolution.

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

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

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

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

(d) any buildings representing a part of the Project shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed or substitute facilities afforded (whether such failure promptly to repair, replace or reconstruct such buildings or to afford substitute facilities be due to the impracticability of such repair, replacement or reconstruction or the construction of such substitute facilities or to lack of funds therefor or for any other reason) and the insurance proceeds shall not be deposited in the Bond Fund; or

(e) an order or decree shall be entered, with the consent or acquiescence of the Board, appointing a receiver or receivers of all or any part of the Project or of the Revenues 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

(f) 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 the Resolution or any Series Resolution 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 9.03. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per 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 the Resolution or any Series Resolution 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 the Resolution, moneys shall have accumulated in the Bond Fund sufficient to pay all arrears of interest, if any, upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution or any Series, Supplemental or Amendatory Resolution (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 9.04. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than fifteen per 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 the Resolution or any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Resolution 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 the Resolution 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 and unpaid from the Board for principal, interest or otherwise under any of the provisions of the Resolution or of any Series, Supplemental or Amendatory Resolution, 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 Bond Fund and the Revenues of the Project pledged to the payment of the Bonds by the Resolution) in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 9.05. Anything in the Resolution to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds at the time outstanding 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 the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 9.06. All rights of action under the Resolution 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 the

Resolution. 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.

Section 9.07. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for any remedy afforded by the Resolution unless such holder shall have previously given to the Trustee written notice of an event of default as hereinbefore provided, nor unless also the holders of fifteen per cent (15%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its or their name, nor unless also there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right hereunder except in the manner herein provided.

ARTICLE X - Miscellaneous Provisions.

Section 10.01. Whenever in the Resolution reference is made to the Board or any officers, agents or employees thereof such reference shall also be deemed to include the successors and assigns of the Board and its officers, agents and employees and all the covenants and agreements in the Resolution contained by or on behalf of the Board shall bind and inure to the benefit of such successors and assigns whether so expressed or not.

Section 10.02. If the Board shall have paid or cause to have been paid to the holders of the Bonds and coupons pertaining thereto issued pursuant to the provisions of the Resolution the principal, premium, if any, and interest to become due thereon at the time and in the manner stipulated in said Bonds and in the Resolution, all moneys or securities of the Board which are not required for the payment or redemption of the Bonds or coupons as aforesaid may be transferred to the Revenue Fund. All Bonds shall be considered to have been paid if and when there shall be on deposit in trust with the Trustee and Paying Agents for said Bonds and irrevocably appropriated exclusively to that purpose an amount of cash which shall be sufficient to retire at maturity or by redemption prior to maturity on the next succeeding date on which the said Bonds may be redeemed all of the Bonds outstanding at the time, together with interest thereon and premiums thereon that may be payable upon the redemption of the same; provided that proper notice of the redemption of all such Bonds to be redeemed shall have been previously published or provision shall have been irrevocably made for such publication, and provided further that the moneys

for the payment of the principal of the Bonds so called and premium, if any, and interest thereon shall be available for immediate payment to the holders entitled thereto and notice of such immediate availability shall have been published or satisfactory provision shall have been made for such publication and further provided that all the necessary and proper fees, compensation and expenses of the Trustee and Paying Agents shall have been paid.

Section 10.03. Moneys held by the Trustee in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for five (5) years after the date when such Bonds shall have become due and payable either at their stated maturity dates or by call for earlier redemption, if such moneys were held by said Trustee at such date or for five (5) years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Bonds become due and payable, shall, at the written request of the Board, be repaid by the Trustee to the Board as the Board's property free from the trust created by the Resolution, and the Trustee shall thereupon be released and discharged with respect thereto, and the holders of the Bonds payable from such money shall look only to the Board for the payment of such Bonds and coupons.

Section 10.04. If any one or more of the covenants or agreements provided in the Resolution on the part of the Board or of the Trustee or any Paying Agent to be performed shall be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be deemed severable from the remaining covenants and agreements herein contained, and the invalidity thereof shall in no way affect the validity of the other provisions of the Resolution.

Section 10.05. All resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

Section 10.06. This resolution shall take effect immediately upon its adoption.

ADOPTED _____, 1963.

Chairman

ATTEST:

Secretary

CERTIFICATION

I, Frank D. Peterson, Secretary of the Board of Trustees of the University of Kentucky, hereby certify that the foregoing is a true copy of a Resolution duly adopted by said Board of Trustees at a meeting held on _____, 1963. Witness my hand and the seal of the University of Kentucky, this _____ day of _____, 1963.

(SEAL)

Secretary
Board of Trustees
University of Kentucky

Upon motion duly made, seconded and unanimously carried, the above Resolution copied herein creating and establishing the Community Colleges Educational Buildings Project of the University of Kentucky was approved.

F. Governor Combs Reports Information concerning Frank D. Peterson.

Governor Combs read the following statement:

Section 81 of the Kentucky Constitution provides that the Governor "shall take care that the laws be faithfully executed."

KRS 164.130 provides that the Governor shall be Chairman of the Board of Trustees of the University of Kentucky.

KRS 164.130(3) provides that no member of the administrative staff of the Board of Trustees shall be directly or indirectly interested in a contract with the University for the sale of property, materials, supplies, equipment or services. This statute became effective March 25, 1960.

I consider it my duty to apprise you of certain business concerns in which it appears that Dr. Frank Peterson, Secretary of the Board and Vice-President of the University, has had a financial interest.

1. Dr. Peterson owned stock in Hart's Bachelor Laundry from January 1950 to April 1956. This concern did some business with the University during that period. There is some evidence that Dr. Peterson used his University position and influence to have the University buy soaps and detergents and then have the University sell

them to Hart's Bachelor Laundry.

2. Real estate transactions. Dr. Peterson has been vested with authority by the Board of Trustees to handle real estate transactions for the University of Kentucky. Dr. Peterson sold two pieces of real estate to the University in 1956. He sold a piece of property on Prall Street to the University on December 22, 1956 for \$1,000. Dr. Peterson bought this same piece of property just seven months earlier for \$500. On January 26, 1956, Dr. Peterson sold the property at 338 Clifton Avenue to the University for \$14,000. He had bought this property in 1944 for approximately \$3,500.

On May 18, 1953, the University purchased part of Lot #10 in College View Subdivision for \$4,700. The people who sold that property to the University had bought it just eleven months previously for \$1,000. On October 11, 1951, the University purchased one-half of Lot #16, College View Subdivision, for \$3,600. The people who sold that one-half lot to the University bought it just two and one-half months previously for \$1,000.

On June 29, 1957, the University purchased Lot #114 in Clifton Heights Subdivision for \$12,200. The people who sold that lot and house to the University purchased it two and one-half years before for \$6,500. No major improvements were made to the property. That person is now employed by the University.

On June 5, 1951, the University purchased the property on 24 College View Avenue for \$4,300. The people who sold that property to the University bought it thirteen months previously for only \$1,500.

The University, on September 29, 1958, bought a house and lot on Linden Avenue for \$22,000. The people who sold the property to the University made a \$5,100 profit by holding the property one year. The improvements? -- He painted the house himself at a cost of \$300. He, too, had been, and is, a person identified with the University.

On June 10, 1954, the University purchased parts of Lots #5 and #7 of College View Subdivision for \$11,000. The people who sold that piece of property to the University had bought it only twenty-three days earlier for \$9,000.

On October 30, 1957, the University bought parts of Lots #91 and #92 of Clifton Heights Addition for \$8,500. The people who sold this property to the University had bought it for \$6,500--just twenty-three days earlier.

The University purchased property at 162 Colfax Street on November 9, 1962, for \$2,100. The person who sold it to the University had bought it twenty-three days previously. Although no purchase price

was mentioned in his deed, the affixed federal document stamps indicated he had paid \$2,000 for 162 Colfax. But a close search revealed that he had paid only \$1,200 for the property. Dr. Peterson, at the time, had no authority to purchase the property. The Board of Trustees was not apprised of this transaction at the November 16 or December 11 meetings, and the Executive Committee was apprised only on January 19, 1963, the same day that transaction was being investigated.

3. General Tire Services, Inc.

This corporation, in which Dr. Peterson owned stock and received money for services rendered as a "consultant," also did business with the University and with other departments of state government. As a "consultant" Dr. Peterson received \$1,800 per annum for each of the years of 1958, 1959 and 1960. And many vendors doing business with the University also did business with General Tire Services, Inc. I offer as example the case of Automatic Merchandising Company whose cigarette machines have been the only ones on campus for many years. This particular vending machine company, until Dr. Peterson sold his stock in 1961, bought its tires from General Tire Services, Inc.

4. Central Kentucky Enterprises, Inc.

From 1955 until 1961, all candy, coffee and snack vending machines on campus were owned and operated by Central Kentucky Enterprises, Inc. Although this was, and is, a highly competitive business, no other company had machines of this type here at the University. No competitive bids were taken and the arrangement was by oral agreement with Dr. Peterson, although written contracts were later made assuring the University of a small percentage of the gross. I am informed the University received 10% of the gross. No clubs or student groups were allowed to bring in or own vending machines. The articles of incorporation of this company did not contain Dr. Peterson's name in any capacity. Yet, Mr. Marcus Trumbo, the president of the corporation, has stated that the stock was evenly divided between him and his wife and Dr. Peterson and his wife. In 1958 Central Kentucky Enterprises paid Dr. Peterson \$6,500 as a "consultant fee." In 1959 the "consultant fee" to Dr. Peterson was \$7,900 and in 1960, \$2,300.

Central Kentucky Enterprises had on campus about 130 machines. In 1961, Dr. Peterson sold his stock in Central Kentucky Enterprises for \$72,284.95, taking a long-term capital gain of \$59,754.95. At its June 1962 meeting, this Board directed that vending machines for coffee, snacks and candy be let on competitive bids. I am informed that the University now receives 26% of the gross.

Dr. Harry Denham, Judge James Sutherland and Dr. Lewis Cochran, members of this Board, have heretofore been appointed as a committee to consider the information herein contained and to make recommendations to the Board. I understand that this committee has met and that it has prepared a report to submit to the Board.

Judge James Sutherland stated that the committee appointed by the Chairman, Governor Combs, at the called meeting on January 25, 1963, had a report and recommendation.

He reported that Dr. Lewis Cochran, non-voting member of the Board, was chairman of the committee but could not be present at this meeting. However, all members of the committee had agreed on the report and had signed it. He read the report as follows:

Report of Special Committee to the Chairman of the Board of Trustees of the University of Kentucky.

The Committee reports that it has studied the matter referred to it and has considered and analyzed the materials furnished at the time of appointment. The Committee met on February 6, 1963 and discussed the questions involved fully, including the explanations given it as to the statute and procedures involved.

On the facts considered by it, the Committee reports that in its judgment there are not sufficient grounds for preferring charges and recommends, therefore, that charges not be preferred against the Vice President for Business Administration, Frank D. Peterson.

The Committee also reports that its analysis shows three matters which ought to be identified for study and consideration by the University and the Board, taking into account particularly the importance of these matters in relation to choosing a new President.

1. A professional study of the business organization, practices and procedures of the University in the broadest context.

2. The development of a standard procedure for real estate purchases, as to inspection, appraisal and suitability for University use.

3. Providing the Board of Trustees with a secretary to allow full and complete recordation of its actions and minutes, in recognition of the Board's needs for this service without dependence on administrative officials or staff of the University.

Respectfully submitted,

(Signed) Harry C. Denham
Member

(Signed) J. A. Sutherland
Member

(Signed) Lewis W. Cochran
Member

February 6, 1963

Judge Sutherland moved that the report be accepted, and it was seconded.

Mr. Clifford Smith made a substitute motion to adopt items 1, 2 and 3, with expansion to go into every detail operation of the University as indicated in items 1 and 2 and as the survey and study might relate to the charges. The substitute motion was seconded. Considerable discussion ensued and, the vote being taken on the substitute motion, the motion was not adopted.

Mr. Smith and Mr. Ezell talked at length concerning the information contained in the statement read by Governor Combs and considered the information serious. They expressed the view that they could not be for the report of the committee of three appointed by the Governor, Chairman of the Board. Mr. Smith then moved, seconded by Mr. Ezell, that the report of the committee appointed by the Chairman, Governor Combs, be tabled.

Vote being taken, the motion was not adopted.

The discussion continued on the committee's report and Mr. Smith made the suggestion that Peat, Marwick, Mitchell & Company of New York be authorized employed by the Governor to make a broad study and review of the organizational structure of the Business Management phase of the University's operations. It was stated that they should make such surveys and studies as they deemed necessary and make such recommendations desirable to strengthen the University operations. Members of the special committee present agreed to amend the report of the committee by inserting the name of Peat, Marwick, Mitchell & Company, New York, to make the study.

The original motion of Judge Sutherland was then, by agreement, amended to authorize the Chairman of the Board, Governor Combs, to contract with Peat, Marwick, Mitchell & Company to do the work necessary to review the organizational structure of the Business Management phase of University operations. The question was put on the vote of adopting the committee's entire report as amended and carried by a vote of 7 to 2, Mr. Smith and Mr. Ezell voting "no".

Mr. Clifford Smith moved that Mr. Peterson, Vice President for Business Administration, be suspended from his office and be relieved of his duties as such, while the New York firm makes its study of the organizational structure of the University. Mr. Sam Ezell seconded the motion. General discussion ensued, participated in by several of the members of the Board present. Governor Combs asked that a roll call be taken upon the motion, and the members voted as follows:

For the motion: Clifford Smith, Gilbert Kingsbury, Dr. Harry Denham, Emerson Beauchamp and Sam Ezell.

Against the motion: Dr. Ralph Angelucci, Robert Hillenmeyer, Dr. H. B. Murray and Judge James Sutherland.

The motion was declared passed by a vote of five to four.

Mr. Peterson was asked if he cared to speak to the members of the Board. Mr. Peterson made a brief statement that, in his opinion, the real purpose of the meeting of the Board of Trustees had been accomplished through a politically motivated smear story. He referred to a report in the Northern Kentucky Post and Times Star on December 20, 1962, that stated that the State administration wanted to "break Peterson's control at the University", which they asserted Peterson exercises.

Mr. Peterson stated that Governor Combs had called a secret meeting of the Executive Committee of the Board of Trustees on December 26, 1962, and was voted down; that Governor Combs had called a meeting of the Board of Trustees on January 25, 1963, and, failing to get confirmation of a statement adverse to Peterson, had appointed a committee of three from the Board of Trustees to study the information furnished and make a recommendation to the Board. The results of these meetings had evidently not satisfied Governor Combs and he has continued to pressure for a political story.

Mr. Peterson stated that the items relating to the purchase of property were new and he could not make a statement until he referred to the records. He stated that he had not violated any law in the operations of his investments mentioned in the Governor's statement, and a full statement of facts would be made at a later date when he had had time to study the records and prepare a statement.

G. Administrative Changes at the University of Kentucky.

President Dickey asked the Board of Trustees what they wanted to do about business operations of the University handled by Mr. Peterson during the suspension. Mr. Smith asked Doctor Dickey for a recommendation. President Dickey recommended that Mr. George Kavanaugh, Associate Business Manager, be asked to assume Mr. Peterson's work, other than financial. He recommended that Mr. Clay Maupin, Director of Accounts and Budgetary Control, assume financial control of all accounting and budgetary matters during the suspension.

Upon motion duly made, seconded and carried, the recommendation of the President was concurred in and so ordered.

H. Adjournment.

There being no further business, the Board adjourned at 1:26 p. m., EST, and went to the Student Union Building for luncheon.

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