

Irregularities

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky, Friday, June 17, 1938.

The Executive Committee of the Board of Trustees of the University of Kentucky met in President McVey's office at 10:30 a.m., Friday, June 17, 1938. Members of the Committee present were Robert G. Gordon, who acted as Chairman of the meeting, and H. S. Cleveland. President McVey and D. H. Peak, Secretary of the Board, were present.

1. Meeting of Board of Trustees Called for June 29, 1938.

The Secretary of the Board was asked to call a meeting of the Board of Trustees for June 29, 1938. The object of the called meeting is to consider important business, requiring immediate attention. The call as sent out is copied as follows:

A quorum was not present at the meeting of the Board of Trustees June 3. Neither was a quorum present at the meeting of the Executive Committee June 17. It is essential that business considered at these meetings be approved by a meeting of the Board of Trustees at which a quorum may be present.

There is pending before the Board of Trustees the question of refinancing the loan now held by the Security Trust Company. It appears that quite a saving may be made by such action. Also there is pending the question of financing further loans for the purpose of erection of an additional dormitory for girls; completion of the Science Building and other construction. There are other matters pending that need consideration.

Because of the necessity for prompt action on such business, Mr. Gordon and Mr. Cleveland, members of the Executive Committee present today, asked that a meeting of the Board of Trustees be called for Wednesday, June 29, at 10:30 a.m. at President McVey's office. It is very important that a quorum be present at that meeting and, therefore, they wish that you make every possible effort to attend. Your prompt answer to this letter will be appreciated.

The business considered at this meeting set up in the form of minutes (a quorum not being present), and the business considered at the meeting of June 3, 1938, set up in the form of minutes (a quorum not being present at that meeting), were referred for approval to the called meeting of the Board of Trustees set for June 29, 1938.

2. Financial Report.

The financial report for May, 1938, was produced by the Business Agent. The report was examined and ordered inserted in the minutes.

Statement of Income and Expenditures

Month of May 1938

	<u>Previously Reported</u>	<u>Current Month</u>	<u>Fiscal Year to Date</u>
General Fund Income			
Fed. Appro.-Morrill- Nelson	39,993.31	2,756.69	42,750.00
Vocational Ed. Board	26,588.77	3,306.60	29,895.37
State Appro.-Sum. Sch.	8,000.00		8,000.00
Special Agr. Appro.	20,000.00	2,000.00	22,000.00
State Appro.-General	550,996.15	61,186.00	612,182.15
Int. on Peabody Endow.	1,000.00		1,000.00
Int. on Endowment Bonds	8,644.50		8,644.50
State Appro.-Repairs to Bldgs.	7,981.73		7,981.73
Federal Appro.-Bankhead- Jones	27,474.93	7,850.54	35,325.47
Student Fees	259,801.91	3,924.43	263,726.34
Student Fees - Sum.Sch.	62,445.15	9.25	62,454.40
Student Fees - U.H.S.	10,290.00	420.00	10,710.00
Student Fees - El.Tr. School	7,950.00	300.00	8,250.00
Student Fees - Un.Exten.	14,310.72	637.06	14,947.78
Miscellaneous Receipts	8,195.22	1,064.59	9,259.81
Rentals	1,788.00	240.00	2,028.00
Men's Dormitories	17,469.12	1,430.14	18,899.26
Total	<u>1,072,929.51</u>	<u>85,125.30</u>	<u>1,158,054.81</u>
Expenditures			
Instruction	747,311.97	81,830.13	829,142.10
Adm., Exp. & Maint.	266,507.11	20,241.92	286,749.03
Additions and Better.	21,185.24	3,238.32	24,423.56
Total	<u>1,035,004.32</u>	<u>105,310.37</u>	<u>1,140,314.69</u>
Excess of Income over Expenditures	<u>37,925.19</u>	<u>(20,185.07)</u>	<u>17,740.12</u>
Patterson Hall Income			
Board	60,690.22	768.26	61,458.48
Misc. Receipts	56.77	16.00	72.77
Room Rent - Sum. Sch.	1,932.56		1,932.56
Total	<u>62,679.55</u>	<u>784.26</u>	<u>63,463.81</u>

Expenditures			
Expense	36,129.06	4,507.80	40,636.86
Additions & Betterments	20.40		20.40
Total	<u>36,149.46</u>	<u>4,507.80</u>	<u>40,657.26</u>
Excess of Income over Expenditures	26,530.09	(3,723.54)	22,806.55
General Fund Income	1,135,609.06	85,909.56	1,221,518.62
General Fund Expend.	<u>1,071,153.78</u>	<u>109,818.17</u>	<u>1,180,971.95</u>
Excess of General Fund Income over Expend.	64,455.28	(23,908.61)	40,546.67
Excess of Expenditures over Receipts for General Ledger accounts		20,568.97	
Accounts Payable			
Excess of Expenditures over Receipts for the fiscal year to date - General Fund			
Excess of Expenditures over Receipts for the fiscal year to date - General Fund			
Cash in Bank July 1, 1937 - General Fund			<u>89,788.13</u>
Cash in Bank May 31, 1938- General Fund			<u>81,269.76</u>
Experiment Station Income			
Hatch-Federal Appro.	15,000.00		15,000.00
Milk and Butter-Cash Rec.	8,905.64	964.66	9,870.30
Beef Cattle Sales	450.95		450.95
Dairy Cattle Sales	1,380.10	65.47	1,445.57
Sheep Sales	889.60	8.11	897.71
Swine Sales	1,237.59	213.61	1,451.20
Poultry Sales	1,463.23	93.71	1,556.94
Farm Produce Sales	2,827.74		2,827.74
Horticultural Sales	1,063.02		1,063.02
Seed Test	1,309.47	69.50	1,378.97
Seed Inspection	27,735.04	1,107.63	28,842.67
Rentals	3,246.70	2,119.67	5,366.37
Miscellaneous	292.15	93.62	385.77
Fertilizer-Fees	51,533.50	10,466.25	61,999.75
Public Service-State Appr.	17,499.95	1,686.11	19,186.06
Public Service-Misc.Rec.	106.00		106.00
Feeding Stuffs-Fees	48,423.57	3,469.63	51,893.20
Adams-Federal Appro.	15,000.00		15,000.00
Serum-Sales	2,459.73	254.20	2,713.93
Serum-Virus Sales	113.37	15.75	129.12
Serum-Supply Sales	108.14	4.40	112.54
Serum-Misc. Sales	51.01	26.40	77.41
State Appropriation	39,598.62	3,968.65	43,567.27
Creamery-License Fees	8,765.00	43.50	8,808.50
Creamery-Testers' Lic.	3,344.40	41.00	3,385.40
Creamery-Glassware Tested	758.74	50.48	809.22

Robinson-State Appro.	11,005.99	730.36	11,736.35
Robinson-Misc.Receipts	2,687.53	399.23	3,086.76
West.Ky.-State Appro.	11,873.48	665.66	12,539.14
West.Ky.-Misc.Rec.	10,935.84	306.10	11,241.94
Purnell-Federal Appro.	60,000.00		60,000.00
Bankhead-Jones-Fed.Appro.	59,203.53		59,203.53
Nursery Inspection - State Appro.	1,800.00	180.00	1,980.00
Nursery Inspection-Fees	2,010.00	170.00	2,180.00
Total	<u>413,079.63</u>	<u>27,213.70</u>	<u>440,293.33</u>
Expenditures			
Expense	322,921.59	36,000.47	358,922.06
Additions & Betterments	13,598.88	7,230.04	20,828.92
Total	<u>336,520.47</u>	<u>43,230.51</u>	<u>379,750.99</u>
Excess of Income over Expenditures	76,559.16	(16,016.81)	60,542.35
Excess of Expenditures over Receipts for General Ledger accounts	(4,393.35)	(807.23)	(5,200.58)
Accounts Payable	<u>(11,535.25)</u>		<u>(11,535.25)</u>
Excess of Receipts over Expenditures	<u>60,630.56</u>	<u>(16,824.04)</u>	<u>43,806.52</u>
Excess of Receipts over Ex- penditures for the fiscal year to date-Experiment Station			43,806.52
Cash in Bank July 1,1937- Experiment Station			<u>26,472.45</u>
Cash in Bank May 31, 1938- Experiment Station			<u>70,278.97</u>
Extension Division Income			
Federal Bankhead-Jones	366,730.49		366,730.49
Federal Smith-Lever	148,308.32		148,308.32
Federal Supplementary	26,545.52		26,545.52
Federal Capper-Ketcham	36,800.98		36,800.98
State Smith Lever	98,921.26	10,436.93	109,408.19
County and Other	17,276.20	2,843.26	20,119.46
Total	<u>694,582.77</u>	<u>13,330.19</u>	<u>707,912.96</u>
Expenditures			
Expense	<u>581,022.72</u>	<u>60,109.08</u>	<u>641,131.80</u>
Excess of Income over Ex- penditures	<u>113,560.05</u>	<u>(46,778.89)</u>	<u>66,781.16</u>
Excess of Income over Expen- ditures for the fiscal year to date-Extension Division			66,781.16
Cash in Bank July 1, 1937 - Extension Division			<u>2,672.00</u>
Cash in Bank May 31, 1938-Ex- tension Division			<u>69,453.16</u>

Trust Fund Income			
Student Loan Fund	2,244.02	93.84	2,337.86
Student Notes Paid	<u>2,784.81</u>	<u>211.58</u>	<u>2,996.39</u>
Total Receipts	<u>5,028.83</u>	<u>305.42</u>	<u>5,334.25</u>
Expenditures			
Expense	31.00	7.50	38.50
Student Notes	440.00		440.00
General Ledger accounts	<u>5,000.00</u>	<u>(4,600.00)</u>	<u>400.00</u>
Total Expenditures	<u>5,471.00</u>	<u>(4,592.50)</u>	<u>878.50</u>
Excess of Receipts over Ex-			
penditures	<u>(442.17)</u>	<u>(4,287.08)</u>	<u>4,455.75</u>
Excess of Receipts over Ex-			
penditures for the fiscal			
year to date - Trust Fund			4,455.75
Cash in Bank July 1, 1937-			
Trust Fund			<u>4,267.53</u>
Cash in Bank May 31, 1938-			
Trust Fund			<u>8,723.28</u>
Summary			
General Fund Income	1,135,609.06	85,909.56	1,221,518.62
Experiment Station Income	413,079.63	27,213.70	440,293.33
Extension Div. Income	694,582.77	13,330.19	707,912.96
Trust Fund Income	<u>2,244.02</u>	<u>93.84</u>	<u>2,337.86</u>
Total	<u>2,245,515.48</u>	<u>126,547.29</u>	<u>2,372,062.77</u>
General Fund Expenditures	1,071,153.78	109,818.17	1,180,971.95
Experiment Station Expend.	336,520.47	43,230.51	379,750.98
Extension Division Expend.	581,022.72	60,109.08	641,131.80
Trust Fund Expenditures	<u>31.00</u>	<u>7.50</u>	<u>38.50</u>
Total	<u>1,988,727.97</u>	<u>213,165.26</u>	<u>2,201,893.23</u>
Excess of Income over Expendi-			
tures	256,787.51	(86,617.97)	170,169.54
Accounts Payable	(31,337.44)		(31,337.44)
Excess of Expenditures over			
Receipts for General Ledger			
accounts	(59,225.17)	24,361.74	(34,863.43)
Student Loan Fund Notes	<u>2,344.81</u>	<u>211.58</u>	<u>2,556.39</u>
Excess of Receipts over Ex-			
penditures for the fiscal			
year to date-Combined Fund	<u>168,569.71</u>	<u>(62,044.65)</u>	<u>106,525.06</u>

Excess of Receipts over Expenditures for the fiscal year to date-Combined Fund	106,525.06
Cash in Bank and on hand July 1, 1937-Combined Fund	<u>125,400.11</u>
Cash in Bank and on hand May 31, 1938-Combined Fund	<u><u>231,925.17</u></u>

Abstract of item shown on Statement of Income and Expenditures as "Excess of Expenditures over Receipts for General Ledger accounts \$34,863.43"

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	19,927.28	
Sundry accounts	19,536.15	
Funds for reinvestment		4,600.00
	<u>39,463.43</u>	<u>4,600.00</u>
	<u>4,600.00</u>	
	<u>34,863.43</u>	

3. Requisition Committee Report.

The Requisition Committee filed written report of its action each week from May 27, 1938, to June 8, 1938. The report showed orders made by the Business Office on the authority of the Requisition Committee in the manner prescribed by the Board of Trustees and State laws, running from No. 8042 to No. 8385. The report was examined, and on motion and second, the orders named therein were ratified and approved and payments on said orders were authorized and approved.

4. Allotments for Fourth Quarter.

The Business Agent reported receipt from the State Department of Finance, Budget Division, of advice of allotment of appropriation for Division of Colleges showing a total of \$666,731.32. This includes the original appropriation, \$660,000.00, additional allotment by the Governor of \$4411.32 for payment on P. W. A. construction, and additional allotment by the Governor of \$2320.00 for publishing Kentucky Guide Book, being prepared under W. P. A.

project, under agreement with Department of University Extension.

5. Investments.

Report by Business Agent

At the meeting of the Board of Trustees of June 3, 1938, I reported as follows:

"The State Treasurer called for payment of State Warrants as of May 15. Included in this call were the four \$10,000 warrants in which the Peabody Fund was invested. This fund is being held subject to orders of the Board for investment thereof."

The interest paid on these warrants was put to general expenditures fund, and \$40,000 was put in a special account in the First National Bank and Trust Company of Lexington. This is held subject to orders of the Board of Trustees for reinvestment.

It is suggested by Mr. W. H. Courtney, President of the First National Bank and Trust Company, that the funds be put in the hands of the Trust Company for investment. He suggests that it is possible to make safe loans on farm lands and that these loans should be made at at least five per cent interest, and that the charge of the Trust Company for its service will be five per cent of the income collected.

There is on interest deposit in the First National Bank and Trust Company \$18,432.74 belonging to the Student Loan Fund. Recently a warrant for \$4,600 belonging to this fund was paid on call of the State Treasurer. In addition to this there is an open account of the Student Loan Fund in amount of \$4,123.28, making total of \$27,156.02. I suggest that in event arrangement is made with the First National Bank and Trust Company to act as trustee for the Peabody Fund that it also be authorized to act as trustee for investment of Student Loan Fund.

June 17, 1938.

(Signed) D. H. Peak
Business Agent

It was ordered that further inquiry of the trusteeship proposed be made, it appearing that the suggestions in the report of the Business Agent are worthy of consideration, and it was suggested that the First National Bank and Trust Company be asked to prepare articles creating trusteeship for purpose of consideration thereof at the next meeting of the Board of Trustees.

6. Uncollected Fees.

Report of Business Agent

UNCOLLECTED FEES

First Semester 1937-1938 -----	857.99
Second Semester 1937-1938 -----	<u>2,762.98</u>
	3,620.97

Collections, including activities, approximate \$286,000 and this makes the per cent of uncollected fees about .01½ per cent of total fees. The balance of 1936-37 fees uncollected to date is \$2,212.15.

It was ordered that the amount of uncollected fees for the year 1937-1938 be charged off and not carried as an asset on the books of the University, and that any part thereof distributable to General Fund of University that may hereafter be collected, be set aside for payment on P. W. A. construction indebtedness.

7. Renewal of Fire and Tornado Insurance.

Statement of Insurance now carried through State Division of Insurance.

INSURANCE IN FORCE JUNE 15, 1938

	FIRE PREM.	FIRE COV- ERAGE	TORNADO PREMIUM	TORNADO COVERAGE	TOTAL PREMIUM
EXPER- IMENT STATION	\$3,024.89	\$398,755.00	\$ 553.20	\$84,871.00	\$3,577.09
COLLEGE	8,003.93	2,275,200.00	353.80	182,000.00	<u>8,324.06</u>
					\$11,901.15

The condition and values of buildings and contents appearing to be practically unchanged, it was ordered that the schedules now in force in the State Division of Insurance for tornado and fire insurance shall be renewed.

8. Insurance on Men's Dormitories.

Report of Business Agent

At meeting of the Board of Trustees April, 1938, an order was entered authorizing the payment of \$90.46 to Dawson and Kirkpatrick, Agents, on cancellation of policies written on the Kinkead and Breckinridge Halls. These policies were written on the coinsurance plan and the bill of that agency has been paid as directed by that order. That order also authorized payment to be made to the Coleman Insurance Agency on the same basis. Two bills were presented by the Coleman Insurance Agency, one for \$88.62 (policy probably with coinsurance clause) and one for \$224.02 (policy probably without coinsurance clause). These bills were sent to Division of Insurance for advice as to which one should be paid, in my letter dated May 27, 1938. To that letter, I received the following answer:

Commonwealth of Kentucky

DIVISION OF INSURANCE

June 1, 1938

Mr. D. H. Peak, Business Manager
University of Kentucky
Lexington, Kentucky

Dear Mr. Peak:

After receiving your letter of May 27, enclosing two bills from the Coleman Insurance Agency, Mt. Sterling, Kentucky, I got in touch with this agency to determine which represented the amount due.

I am now in receipt of information to the effect that this agency is due a balance of \$224.02. I am enclosing herewith this statement and shall ask that you give it your attention.

(Signed) Sherman Goodpaster
DIRECTOR OF INSURANCE

Mr. Cleveland stated that he desired to consult a member of the State Insurance Department in regard to the amount that should be paid the Coleman Insurance Agency, and that he would report the result of his Conference to the Business Agent. Upon receipt of Mr. Cleveland's report, settlement is left to the discretion of the President and Business Agent.

9. Alumni Election, 1937 - Ballots to be Destroyed.

The Secretary of the Board having reported as hereinafter set out, appointment and qualification of Mr. Marshall Barnes as Alumni member of the Board of Trustees, following the alumni election of 1937, he was authorized to have the ballots of the said election destroyed.

At December meeting of the Board of Trustees the ballots of the election for alumni member of the Board of Trustees were counted and the result duly recorded in the minutes of that meeting. Certification of the result was made to Governor Chandler, as directed by order made at that meeting. The Governor appointed Mr. Marshall Barnes, whose name was one of three certified to him, as alumni member of the Board of Trustees. Mr. Barnes has qualified as such, his first attendance being at the meeting of April, 1938. It is customary, after the appointee has qualified, that the ballots of the election be destroyed. I will appreciate action by the Executive Committee, authorizing the destruction of the ballots.

10. Advertising in Leader Special Edition.

President McVey stated that he had been solicited to take a page advertisement in the Fiftieth Anniversary edition of the Lexington Leader at a cost of \$200.00. He said that, because of the condition of finances of the University, and for other reasons, he had offered to take advertising space at a cost of \$25.00. The representative of the Leader refused to accept his offer and insisted that a larger space be taken. He asked for the help and advice of the Executive Committee.

The members stated that they agreed with the President in his conclusion, and they recommended that advertising space be taken in the Fiftieth Anniversary Edition of the Lexington Leader at an approximate cost of \$25.00.

11. Library Expenditures - Shelving.

The President presented a letter from the Librarian copied as follows and recommended the expenditures asked therein.

June 13, 1938

President Frank L. McVey
University of Kentucky

My dear Dr. McVey:

I have gotten quotations from Remington Rand for steel shelving for the basement of Memorial Hall. This will consist of deep bin-type metal shelving of a lower grade than that usually installed in libraries. The price includes eight ranges of six double sections for the center of the room and seven ranges of four double sections for one side. On the north side of the room I hope to install some shelving which is now in the Science Library and is not suited for general book purposes as it is too deep and takes up too much room.

The total cost for the shelving for Memorial Hall, erected, is \$2,755.88; for new shelving for the Science Library to take the place of the old which I would put in Memorial Hall basement \$485.00. In addition I have asked for quotations for shelving, tables and chairs for the small room which has been assigned for library and secretary's office in the new Bacteriology Department. This has been estimated at \$306.85.

The total of these three installations will be \$3,547.73, and the Remington Rand representative tells me that this is subject to a state discount of fifteen per cent which he allows to the State Purchasing Commission.

I should be glad to have your approval of these items if they can be purchased out of the amount specially set aside for additional equipment from the \$30,000 appropriation for books.

(Signed) Margaret I. King
Librarian

On motion and second the purchase of the shelving, chairs and tables was approved, the purchases to be made from the State Appropriation of \$30,000.00 for library equipment and books, for the year 1938-39. The procedure required in making purchases to be charged to state appropriations is to be followed.

12. Property Line of Scott Street.

The President stated that the line on the south (or Scott Street side) side of the property conveyed to the University by the City of Lexington (usually referred to as the Dump) was surveyed by the late Professor W. A. Newman and that the survey shows that adjacent property owners are occupying parts of the University property within the bounds of that survey. It is now desired that a fence be erected on the property line as surveyed. The President asked for advice as to procedure to gain possession of the property occupied as aforesaid.

The President was authorized to have notices given to each person encroaching on the property requesting and demanding that possession thereof be given to the University of Kentucky. Refusal of any one so notified to give possession shall be referred to the Executive Committee or Board of Trustees.

13. Petition - Cooperative House.

The President stated that he had received a petition from women students asking for construction of a cooperative house. The petition was ordered filed.

14. Commons Equipment.

At the request of President McVey, it was ordered that the equipment used by the University Commons be transferred to other departments of the University, as far as it may be needed and is practicable for use in such departments. The part of the equipment not practicable for use in other departments may be sold, the proceeds of sale to be turned over to the Business Agent.

An inventory of the equipment, showing its purchase cost, its present estimated value, and the disposition of the items shall be made. This shall be reported to the Business Agent in order that he may clear the equipment account of the University Commons now carried on the Sundry Ledger.

15. Rent of House - Girls' Dormitory.

On request of President McVey and the Dean of Women, rental of residence for use as an additional girls' dormitory from the Good Samaritan Hospital was approved and ordered. The property adjoins the Hospital grounds and is near Patterson Hall. It is to be put

in repair for occupancy such as may be agreed upon, adding one room, by September 1, 1938, the date the rental period begins. The property is to be rented for one year at \$100.00 per month for ten months and \$60.00 per month for the remaining two months. The Hospital is to furnish heat and water.

16. Lease of Shops in Student Union Building.

Reference is made to Sec. 12, Minutes of June 3, 1938, for data on rental of barber shop and beauty parlor in Student Union Building. It is the opinion of the members of the Executive Committee present at this meeting that the shops should be rented at flat rate per month. The rental contract shall stipulate that prices charged for work shall not be lower than the charges prevailing in the neighborhood and that the lessee shall not engage in cutting prices.

17. Financing and Construction of Buildings.

President McVey informed the members of the Executive Committee of a proposal to refinance the loan on the men's dormitories, and, also, of a plan to ask for an additional P. W. A. grant, the plan being formulated by Dean Graham. He explained the proposals in some detail, after which the members present said that it is necessary that this be acted on at a meeting of the Board of Trustees.

18. General Education Board Grant - Agricultural Economics.

The facts pertaining to the application to the General Education Board for a grant of funds for teaching and research in Agriculture were stated at the meeting of June 3, 1938, as recorded in Sec. 13, minutes of that meeting.

Information of action on the grant by the General Education Board is given in the following letter:

GENERAL EDUCATION BOARD

June 10, 1938

Dear President McVey:

This letter is merely to confirm copy of telegram sent you today as follows:

"Am pleased to advise you informally that Trustees today voted forty thousand dollars over two years for your program in agricultural economics. Secretary of Board will send formal advice shortly."

It has been a real satisfaction to cooperate with you in these initial steps for the broadening of your educational facilities in the fields of agricultural economics.

The Board has now made limited grants for the enlargement of personnel at Louisiana State University, the University of Kentucky, and Virginia Polytechnic Institute. In view of the limited number of qualified men in the field, may I just express the hope that the institutions will avoid competing with one another on the basis of assistance from the Board in seeking the additions to their staffs.

With every good wish

Yours sincerely,

(Signed) A. R. Mann

President F. L. McVey
University of Kentucky
Lexington, Ky.

President McVey was authorized to accept the grant and to express appreciation of the Board of Trustees of the University to the Board of Trustees of the General Education Board for favorable action thereon.

19. P. W. A. Construction - College Docket.

a. Arbitration on Contract No. 300 -- Whittenberg Construction Company.

Proposal of Arbitration

June 13, 1938

President Frank L. McVey
University of Kentucky

My dear President McVey:

Under date of February 23, 1938, I reported to you the state of Contract No. 300 with the Whittenberg Construction Company of Louisville, Kentucky, wherein that Company was delinquent to the extent of seventy-one days in the completion of the Contract and recommended to you

that the Company be penalized for a total of fifty days or in the sum of \$2,500 in accord with the "Bonus and Penalty" clause of the aforementioned Contract. This recommendation was approved in due course by the Board of Trustees and the Company was duly notified of the findings and the action thereon.

Under date of May 9 I received by letter a demand from the Whittenberg Construction Company for an arbitration of this question of penalty. This demand was predicated upon the arbitration clause within the aforementioned contract and placed therein in accord with the regulations of the P. W. A. I attach hereto a copy of my reply under date of May 12 and especially invite your attention to the fourth paragraph thereof wherein I stipulate "that if arbitration be granted (by the Board of Trustees) then the present settlement be withdrawn and that the matter be arbitrated on the basis of assessing the full penalty or \$3,550"; and further, -that "if my findings and recommendations thereon are to be rearbitrated, then I desire that these be withdrawn and completely discarded and that the arbitration demanded by you shall be confined strictly to the records as written, if and when the President and the Board of Trustees acquiesce to your demand."

Subsequently, I have discussed this matter further with Mr. Whittenberg, President of the Company, as follows:

1. That some part of the delay and delinquency was due directly to the acts of omission and commission of certain of the sub-contractors, engaged under this contract, and to some more than to others.
2. That the Whittenberg Construction Company would accept the present offer of settlement, if it was not for the fact that certain of the most delinquent of the sub-contractors refuse to accept any responsibility therefor or to be assessed any part of the penalty.
3. Therefore, the Whittenberg Construction Company desires and needs to use every means approved and offered under the contract to establish a complete record of individual and proportional responsibility for the delinquency. Since arbitration is the final step for accomplishing this end under the contract the Company now requests this action and is willing to arbitrate upon the basis of the full penalty or \$3,550 as aforequoted from my letter of May 12.
4. That Mr. Whittenberg is willing to agree with the University upon the selection of one arbitrator in lieu of the usual three, and thus save expense.

Therefore, I now recommend that request of the Whittenberg Construction Company, that the question of delinquency and penalty thereunder shall be arbitrated, be granted and authorized in the full amount of the delinquency and penalty or \$3,550, in full and complete accord with the contract documents and within the written records of the work's progress.

(Signed) James H. Graham
Dean

The recommendations of Dean Graham as set forth in the report copied were approved. The selection of arbitrators was left to President McVey and Dean Graham.

b. Payment on Bonds and Interest.

Report of Business Agent

Following is statement of account of P. W. A. Construction Bonds:

Bond due June 30, 1938	15,000.00
Interest for the year	<u>18,570.00</u>
	33,570.00

Available Funds

Balance on hand July 1, 1937	4,219.58	
Fees, First Semester, set aside	9,285.00	
Fees, Second Semester, set aside	9,285.00	
Old fees, set aside	<u>2,080.50</u>	<u>24,870.08</u>
Balance necessary for payment		8,699.92

(Signed) D. H. Peak
Business Agent

It was ordered that there be set aside from fees or other available funds an amount sufficient to increase the Interest and Bond Redemption Fund College Construction to the required amount to pay the interest and principal due July 1, 1938; that the Business Agent be directed to transfer the funds thus set aside to the Interest and Bond Redemption Fund; that the holders of the bonds be notified that the First National Bank and Trust Company of Lexington, Kentucky, will pay the interest coupons in the amount of \$9285.00 and bond in the amount of \$15,000.00 on or after July 1, 1938, upon receipt of the coupons and bond, and that the First National Bank and Trust Company be instructed to pay said coupons and bonds when presented for payment on or after July 1, 1938.

20. P. W. A. Construction, Experiment Station Annex.

Report of Business Agent

EXPERIMENT STATION ANNEX BONDS

As reported at meeting of the Board of Trustees on June 3, the Experiment Station Annex Bonds have been paid in full. I have these bonds now in my possession. I will appreciate it if the Executive Committee will make an order as to the disposition of these bonds.

(Signed) D. H. Peak
Business Agent

It was ordered that the First National Bank and Trust Company be asked to certify to the University that all the bonds issued under agreement have been paid, cancelled and surrendered to the payee. It was further ordered that the bonds be destroyed by burning in the presence of those who signed the bonds and the Secretary of the Board of Trustees.

21. Appointments and Other Staff Changes.

President McVey presented staff appointments and other changes requested by deans and heads of departments, and, on his recommendation, by motion and second, the following were approved and record ordered made in the minutes:

Miss Azile May Wofford, Assistant Professor of Library Science for academie year 1938-39, salary \$2400.00 a year, ten months' basis. She is a graduate of Winthrop, South Carolina, College for Women, and comes to the University from the Greenville, South Carolina, Public Library.

Mrs. Elizabeth Wright, instructor in Bacteriology, year 1938-39, salary \$1500.00 a year, ten months' basis. She is a graduate of Transylvania College, and received degree of M. S. at University of Kentucky.

James C. Humphries, Junior Technician in Department of Bacteriology, for year 1938-39, salary \$400.00 a year, twelve months' basis, effective July 1, 1938.

Miss Virginia Richardson, assistant in Sociology for year 1938-39, salary \$500.00 a year, ten months' basis.

Mr. David L. MacFarlane, instructor in Farm Economics teaching division and assistant in Farm Economics, Experiment Station, salary \$2900.00 a year, effective September 1, 1938, or at such time thereafter as he may report, twelve months' basis. He received his B.S. and M.S. degrees from the University of Saskatchewan.

W. D. Armstrong, horticulturist, Experiment Station, salary \$3600.00 a year, effective July 1, 1938, twelve months' basis, payable from appropriation for horticultural work. He is a graduate of Texas A. & M. College.

Dr. Marshall David Ketchum, Assistant Professor of Economics, salary \$2700.00 for academic year 1938-39. He holds the degree of Doctor of Philosophy, University of Chicago.

William T. McQuilkin, research assistant, Bureau of Business Research, for academic year 1938-39, salary \$640.00.

Reappointment

Paul Majors, Senior Technician, Department of Bacteriology, salary \$600.00 a year, twelve months' basis, effective July 1, 1938.

Resignation

T. S. Marimon, who has been employed as stationary engineer, College of Agriculture, Dairy Products Building, resignation effective June 30, 1938. He leaves to make his home with his daughter in Ohio.

On motion, duly seconded, the Committee adjourned.

D. H. Peak
Secretary, Board of
Trustees