

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, October 14, 1986.

The Board of Trustees of the University of Kentucky met at 1 p.m. (Eastern Daylight Time) on Tuesday, October 14, 1986 in the Board Room on the 18th floor of the Patterson Office Tower on the Lexington Campus.

A. Meeting Opened and Roll Called

Mr. Robert T. McCowan, Chairman, called the meeting to order at 1 p.m., and the invocation was pronounced by Mr. T. A. Lassetter.

The following members of the Board of Trustees answered the call of the roll: Mr. Robert T. McCowan (Chairman), Professor Raymond F. Betts, Mr. William R. Black, Governor Albert Benjamin Chandler, Mr. Albert G. Clay, Professor David R. Driscoll, Jr., Mr. Tracy Farmer, Ms. Donna G. Greenwell, Mr. George W. Griffin, Mr. Henry E. Hershey, Mr. T. A. Lassetter, Mr. W. Bruce Lunsford, Mr. Frank Ramsey, Mr. James L. Rose, and Professor Constance P. Wilson. Absent from the meeting were Mr. Ronald G. Geary, Mrs. Edythe Jones Hayes, Mr. Brereton C. Jones, Mr. R. Larry Jones, and Mr. Bobby Watson. The University administration was represented by President Otis A. Singletary; Mr. James O. King, Vice President for Administration; Chancellors Peter P. Bosomworth, Art Gallaher, and Charles T. Wethington; Dr. Raymond R. Hornback, Vice President for University Relations, Mr. John C. Darsie, General Counsel; Mr. Henry Clay Owen, Controller and Treasurer; and Dr. Paul G. Sears, Special Assistant for Academic Affairs.

Members of the various news media were also in attendance. A quorum being present, the Chairman declared the meeting officially open for the conduct of business at 1:04 p.m.

B. Minutes Approved

On motion made by Mr. Rose, seconded by Professor Driscoll and passed, the Minutes of the September 16, 1986 meeting of the Board of Trustees were approved as written.

C. Resolution Supporting Constitutional Amendment on Superintendent of Public Instruction

Mr. McCowan indicated his support of the proposed constitutional amendment on the Superintendent of Public Instruction and recommended adoption of the following Resolution:

WHEREAS, under the leadership of Governor Martha Layne Collins and the General Assembly in a 1985 special session enacted measures to improve the quality of elementary and secondary education in Kentucky, and

WHEREAS, upon recommendation of the Governor and action by the General Assembly funds were increased for universities in Kentucky to enhance quality in higher education, and

WHEREAS, as a part of the movement to improve the quality of education, the legislature passed a proposed constitutional amendment to be voted on by the citizens of the Commonwealth in November 1986 that would provide for an appointive Board of Education that would be responsible for setting the qualifications and selecting the Superintendent of Public Instruction; and

WHEREAS, the need to continue the improvements in education is essential for the future of the Commonwealth; now therefore

BE IT RESOLVED, that the Board of Trustees of the University of Kentucky hereby expresses its support for Amendment No. 1 to change the process of selecting the Superintendent of Public Instruction and encourages the President to apprise the faculty, students, staff and alumni of its importance as another step in the improvement of education in Kentucky and to encourage support for the proposed amendment.

Professor Betts moved, and Mr. Hershey seconded, that the above Resolution be adopted. Governor Chandler, honorary member, expressed reservations about the Board taking a stand on the issue but did indicate his personal support of the amendment. The motion was voted on and unanimously carried.

D. President's Report to the Trustees

President Singletary reviewed briefly some of the items in PR 1, calling particular attention to (1) a record \$51.8 million received in grants and contracts during the 1985-86 fiscal year and pointed out that all three sectors--Lexington Campus, Medical Center and the Community College System--showed increases in grants received, (2) the four alumni who were recently presented Alumni Service Awards: Dan Van Sant of Nashville, Doris Moseley of Atlanta, and Scott Duncan and Paul Fenwick of Louisville, (3) the creation of a \$1 million endowed chair in equine research in honor of Frederick L. Van Lennep, and (4) the naming of Baruch Samuel Blumberg, a recipient of the 1976 Nobel Prize in medicine, as the 1986-87 Ashland Visiting Professor at the University.

E. Personnel Actions (PR 2)

With President Singletary so recommending, on motion made by Mr. Black, seconded by Ms. Greenwell and passed, the routine personnel actions in PR 2 were approved. (See PR 2 at the end of the Minutes.)

F. Supplemental Personnel Actions (PR 3A)

Acting on the recommendation of President Singletary, Mr. Griffin moved approval of the supplemental personnel actions in PR 3A. His motion was seconded by Mr. Farmer and carried. (See PR 3A at the end of the Minutes.)

G. Acceptance of Gift from the Estate of Floyd H. Wright (PR 3B)

President Singletary indicated his pleasure in recommending that the Board accept a gift from the estate of Floyd H. Wright to be paid to the University each year from a trust established for this purpose. The initial payment which has been received from the trustee is \$219,980.00. Governor Chandler indicated that he had been a longtime personal friend of Mr. Wright's and recounted Mr. Wright's years in Kentucky and his strong and lasting support for the University of Kentucky, including his services as a member of the Board. Mr. McCowan expressed his appreciation of Governor Chandler's remarks. On motion made by Mr. Lassetter, seconded by Professor Driscoll and carried, it was so ordered. (See PR 3B at the end of the Minutes.)

H. Proposed Amendment to the Governing Regulations (PR 3C)

Mr. Griffin moved that the proposed amendment to the Governing Regulations be received for preliminary consideration and be included on the agenda at the next regular meeting of the Board. The motion was seconded by Mr. Clay and passed without dissent. (See PR 3C at the end of the Minutes.)

I. Naming of University Building (PR 3D)

President Singletary indicated his pleasure in recommending that the new building which will house the University of Kentucky Faculty Club be named the HILARY J. BOONE FACULTY CENTER in recognition of Mr. Boone's continuing support of the University and its programs. The motion, which was made by Mr. Clay and seconded by Professor Wilson, was voted on and carried unanimously. President Singletary introduced Mr. Boone who was accompanied by his wife and her mother and asked them to stand and be recognized, following which they were given a round of applause. (See PR 3D at the end of the Minutes.)

J. Establishment of Division Structure -- Owensboro Community College (PR 4A)

On recommendation of Chancellor Wethington and with the concurrence of President Singletary, Mr. Black moved that Owensboro Community College be organized to reflect the creation of two academic divisions: Humanities, Social Sciences, and Related Technologies, and Science, Mathematics, Business and Related Technologies. His motion was seconded by Mr. Rose and carried. (See PR 4A at the end of the Minutes.)

K. Change in Division Structure -- Madisonville Community College (PR 4B)

After explaining that PR 4B was similar action, President Singletary then recommended that Madisonville Community College be reorganized to create two new divisions: Biological Sciences and Related Technologies, and Physical Sciences and Related Technologies. The motion, which was made by Professor Wilson and seconded by Mr. Ramsey, carried without dissent. (See PR 4B at the end of the Minutes.)

L. Board Appointments, McDowell Cancer Network (PR 6A)

President Singletary recommended that (1) Mr. William Balden, Mr. Brownell Combs II, Dr. William Cook and Dr. Warren Proudfoot be reappointed as non-faculty members of the Board of Directors of the McDowell Cancer Network; (2) Dr. Merle M. Mahr be appointed as a non-faculty member; and (3) Dr. Carolyn Williams and Dr. Robert L. Lester be appointed as faculty members with terms beginning October 1, 1986 and expiring September 30, 1989. He also recommended that Mrs. Judy Rose be appointed to fill a vacancy in a term expiring September 30, 1987. The motion, which was made by Mr. Farmer and seconded by Mr. Griffin, carried unanimously. (See PR 6A at the end of the Minutes.)

M. Acceptance of Interim Financial Report for the University of Kentucky for the Two Months Ended August 31, 1986 (FCR 1)

Mr. Clay, Chairman of the Finance Committee, reported that the Committee met on the morning of October 14 and reviewed the agenda items to be presented for action. He then recommended and moved that the Board accept the University of Kentucky Consolidated Financial Report for the two months ended August 31, 1986. The motion was seconded by Mr. Griffin, and it was so ordered. (See FCR 1 at the end of the Minutes.)

N. Disposal of Personal Property (FCR 2)

On motion made by Mr. Clay, seconded by Mr. Rose and carried, the Board approved the disposition of obsolete and surplus equipment as recommended in FCR 2. (See FCR 2 at the end of the Minutes.)

O. Report of Leases (FCR 3)

On motion made by Mr. Clay, seconded by Mr. Lunsford and carried, the Board accepted the report of leases in FCR 3. (See FCR 3 at the end of the Minutes.)

P. Agreement with the Lexington-Fayette Urban County Government for the Development and Operation of an Arboretum Park (FCR 4)

After complimenting the members of the Finance Committee for their wisdom and vision in dealing with the proposed agreement with the Lexington-Fayette Urban County Government for the development and operation of an arboretum park, Mr. Clay moved approval. Chancellor Gallaher, at Mr. Clay's request, recounted the history of the development of the proposal and indicated that it had value not only to the community but to a number of educational programs at the University. Mr. Hershey seconded the motion which carried without dissent. (See FCR 4 at the end of the Minutes.)

Q. Acceptance of the Financial Statements of the University of Kentucky and Affiliated Corporations and Other Related Organizations for the Year Ended June 30, 1986 (FCR 5)

With the concurrence of the Finance Committee , Mr. Clay recommended:

that the Board of Trustees accept the audited financial statements of the University of Kentucky including the Management Letter and a Report on Compliance with House Bill 622, and separate financial statements for the Housing and Dining System, the Tobacco and Health Research Institute, and the University Hospital, for the year ended June 30, 1986; and

that the Board of Trustees accept the audited financial statements of the affiliated corporations and other related organizations of the University of Kentucky including The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Research Foundation, University of Kentucky Athletic Association, University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Mining Engineering Foundation, Inc., University of Kentucky Equine Research Foundation, Inc., University of Kentucky Humanities Foundation, Health Care Collection Service, Inc., University of Kentucky Alumni Association, and the University of Kentucky Hospital Auxiliary for the year ended June 30, 1986.

Mr. Clay complimented the internal auditors and Mr. Henry Clay Owen for an outstanding job in carrying out their responsibilities, and Mr. McCowan expressed his endorsement of Mr. Clay's comments. The motion, which was made by Mr. Clay and seconded by Mr. Rose, was voted on and carried. (See FCR 5 at the end of the Minutes.)

R. Adoption of Resolution Concerning University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), Dated October 1, 1986 (FCR 6)

Mr. Clay called attention to the fact that at the meeting of the Board of Trustees held on June 25, 1986 the Board of Trustees approved the form of a Resolution authorizing the issuance of Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), of the University of Kentucky, dated August 1, 1986 and adopted a Resolution authorizing the President of the University to fix the date and hour of the sale of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986, to arrange for the publication of the Notice of Sale of Bonds with respect thereto, to fix the date and hour for the receipt of bids, the date and hour of a meeting of either the full Board or the Executive Committee of the Board to be held at a later hour on the same day for the purpose of accepting the successful bid or rejecting all bids, to change the tentative estimated amount of such Refunding Bonds to be initially offered for sale, the tentatively estimated amounts of maturities of such Bonds for each of the years 1987 through 2008, and/or the date of such Bonds and all other dates pertaining to the Bonds, to the extent that any such changes shall be

deemed appropriate and consistent, including the redemption date, and to approve the form of Notice of Sale of Bonds, Official Terms and Conditions of Bond Sale, Official Bid Form, and Preliminary Official Statement, to whatever extent is deemed appropriate in order to carry out any of the foregoing, and in order to provide the most favorable conditions for the sale of such Refunding Bonds, with the provision that no bid for the purchase of such Bonds can be accepted without specific formal action by either the full Board or the Executive Committee of the Board, acting pursuant to recommendations of the Finance Committee of the Board.

Mr. Clay further stated that he had made such determinations which were set out in revised forms of a Notice of Sale of Bonds, Official Terms and Conditions of Bond Sale, and Official Bid Form, and that the President of the University had approved the fixing of such terms and conditions by signing a Certificate attached to each of such instruments, stating that he had made such determinations and had approved same prior to their use.

Thereupon, a motion was made by Trustee Clay and seconded by Trustee Lassetter that a Resolution entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF
KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING
REVENUE BONDS, SERIES D (SECOND SERIES), DATED OCTOBER 1, 1986.

be adopted and that the official documents referred to therein relating to the advertisement and sale of said Bonds be approved, a true copy of which Resolution and the documents referred to therein being attached to these Minutes. Upon such Resolution and documents having been fully considered, a vote was taken on such motion which resulted as follows:

Yeas for the Motion

Robert T. McCowan
Raymond F. Betts
William R. Black
Albert G. Clay
David R. Driscoll, Jr.
Tracy Farmer
Donna G. Greenwell
George W. Griffin
Henry E. Hershey
T. A. Lassetter
W. Bruce Lunsford
Frank Ramsey
James L. Rose
Constance P. Wilson

Nays Against the Motion

None

Thereupon, the Chairman declared that such Resolution had been adopted and that said documents referred to therein had been approved. (See FCR 6 at the end of the Minutes.)

S. Sale of Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), of the University of Kentucky, dated October 1, 1986 (FCR 7)

Mr. Clay announced that bids had been received for the purchase of Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series) of the University of Kentucky, dated October 1, 1986 until 10:00 A.M., E.D.T. on this date of October 14, 1986 pursuant to a Notice of Bond Sale which had been published and which provided that such bids would be acted upon by the Board of Trustees (or the Executive Committee of the Board) at 1:00 P.M., E.D.T. on the same date. He stated that since the hour of 1:00 P.M., E.D.T. had arrived, it was appropriate that all purchase bids received should be publicly read and fully considered, such bids having been referred to the Controller and Treasurer and the Fiscal Agent of the University for analysis. He further stated that at the time such bids had been received at 10:00 A.M. on this date they had been referred also to the Finance Committee, which had considered such bids and had recommended the same bid be accepted as had been recommended by the Controller and Treasurer and the Fiscal Agent with reference to the issuance of such Bonds.

The Controller and Treasurer and the Fiscal Agent presented to the Finance Committee, after the analysis, the best offer for the purchase of said Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series) of the University of Kentucky, dated October 1, 1986, and thereupon Trustee Clay moved that a Resolution, the form of which had been distributed to the members of the Board of Trustees prior to the meeting and was available at such meeting, be adopted, which Resolution was entitled:

RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$9,030,000 PRINCIPAL AMOUNT OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED OCTOBER 1, 1986; FIXING THE PRECISE AMOUNT OF SUCH BONDS TO BE ISSUED AT THAT AMOUNT; FIXING THE REVISED MATURITIES THEREOF; AND AUTHORIZING THE FURNISHING OF A NOTICE OF REDEMPTION OF CERTAIN OUTSTANDING BONDS DATED DECEMBER 1, 1982, TO THE RESPECTIVE OWNERS OF SUCH BONDS OF 1982.

The motion for adoption of said Resolution was seconded by Trustee Black. Upon a vote being taken on such motion the result was as follows:

Yeas for the Motion

Nays Against the Motion

Robert T. McCowan
Raymond F. Betts
William R. Black
Albert G. Clay
David R. Driscoll, Jr.
Tracy Farmer
Donna G. Greenwell
George W. Griffin
Henry E. Hershey
T. A. Lassetter
W. Bruce Lunsford
Frank Ramsey
James L. Rose
Constance P. Wilson

None

Thereupon, the Chairman declared that such motion had carried and that such Resolution, a copy of which Resolution is attached to the Minutes of this meeting, and made a part thereof as if copied in full herein, had been adopted.

The good faith checks were returned to the unsuccessful bidders.
(See FCR 7 at the end of the Minutes.)

T. Meeting Adjourned

There being no further business to come before the Board, a motion was made, seconded and unanimously carried that the meeting adjourn.

Respectfully submitted,

George W. Griffin
Secretary
Board of Trustees

(PR's 2, 3-A, 3-B, 3-C, 3-D, 4A, 4B, and 6A and FCR's 1, 2, 3, 4, 5, 6 and 7 which follow are official parts of the Minutes of the Meeting.)

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Office of the President
October 14, 1986

PR 2

Members, Board of Trustees:

Personnel Actions

Recommendation: (1) that approval be given to the attached appointments and/or other staff changes which require Board action; and (2) that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: The attached recommended appointments and/or other staff changes require approval by the Board of Trustees in accordance with Part VIII-B of the Governing Regulations of the University. These recommendations are transmitted to the Board by the appropriate chancellor through the President and have his concurrence.

Under the Governing Regulations, the authority to make certain appointments and/or other staff changes is delegated to the President or other administrators who are required to report their actions to the Board. This report follows the recommendations requiring Board approval.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

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COMMUNITY COLLEGE SYSTEM

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

Transfer, Henderson Community College to Owensboro
Community College

Morris, Edward J., Associate Professor in the Community
College System (with tenure), 8/1/86.

B. ADMINISTRATIVE APPOINTMENTS

Madisonville Community College

Warren, Roger D., Associate Professor in the Community
College System (with tenure), Chairman, Division
of Physical Sciences and Related Technologies,
10/1/86 through 6/30/89.

West, Marlena K., Assistant Professor in the Community
College System, Chairman, Division of Biological
Sciences and Related Technologies, 10/1/86 through
6/30/89.

Owensboro Community College

Morris, Edward J., Associate Professor in the Community
College System (with tenure), Chairman, Division
of Humanities, Social Sciences and Related
Technologies, 9/1/86 through 6/30/88.

Thomas, James G., Assistant Professor in the Community
College System, Chairman, Division of Math,
Business and Related Technologies, 9/1/86 through
6/30/89.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

Elizabethtown Community College

Hrdy, Amy G., Instructor in the Community College
System, 8/27/86 through 6/30/87.

Hopkinsville Community College

Staples, Deanna H., Instructor in the Community College
System, 8/1/86 through 6/30/87.

Jefferson Community College

Gibson, John M., Instructor in the Community College System, 9/1/86 through 12/31/86.

Lexington Community College

Baker, Keith, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Carroll, Wesley, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Hall, Ray, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Holland, William O., Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Kissman, Rick, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
King, Patsy, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Munns, Barbara, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Parise, Paula, Instructor in the Community College System, 9/22/86 through 6/30/87.
Salyer, Robyn, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.

Madisonville Community College

Grant, Glenn H., Instructor in the Community College System, 8/25/86 through 6/30/87.

Transfer, Henderson Community College to Owensboro Community College

Carden, Stephen D., Instructor in the Community College System, 8/1/86 through 6/30/87.
Moman, Richard V., Instructor in the Community College System, 8/1/86 through 6/30/87.
Thomas, James G., Assistant Professor in the Community College System, 8/1/86 through 6/30/87.
Wallace, Albert F., Assistant Professor in the Community College System, 8/1/86 through 6/30/87.

Prestonsburg Community College

Houghton, Louise R., Instructor in the Community College System, 9/1/86 through 12/31/86.

Somerset Community College

Loze, George W., Instructor in the Community College System, 9/1/86 through 6/30/87.

B. ADMINISTRATIVE APPOINTMENTS

Hazard Community College

Larsen, Wayne, Business and Industry Liaison, 9/2/86.

Paducah Community College

Polashock, Michael S., Business and Industry Liaison,
9/22/86.

C. REAPPOINTMENTS

Hazard Community College

Grender, Arnemann R., Assistant Professor in the
Community College System, 8/23/86 through 6/30/87.

Lexington Community College

Brandenburg, Sara S., Instructor in the Community
College System (voluntary), 8/1/86 through 6/30/87
Brown, Thomas K., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Bruner, Robert A., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Collins, Barry R., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Eads, Joe L., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Farmer, Dianna V., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Heath, Anne L., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
King, Darryl W., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Little, Stephen, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Magoun, Sylvia, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
McAllister, Ruthalee, Instructor in the Community
College System (voluntary), 8/1/86 through 6/30/87
McCrary, Rosemary, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Scully, Bridget S., Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Stipp, Vickie, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Vice, Leisha, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.
Wierzbinski, Becky, Instructor in the Community College
System (voluntary), 8/1/86 through 6/30/87.

Wilcox, David G., Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Wolverton, Lloyd, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.

D. CHANGES

Madisonville Community College

Bellarmino, Thomas, from Assistant Professor in the Community College System, 8/16/86 through 6/30/87 to Assistant Professor in the Community College System, 8/16/86 through 11/20/86.

E. LEAVES OF ABSENCE

Hopkinsville Community College

Carter, David E., Associate Professor in the Community College System (with tenure), Sabbatical leave at one-half salary, 1/1/87 through 6/30/87 and 7/1/88 through 12/31/88.

Lexington Community College

Kelly, Debra H., Assistant Professor in the Community College System, Leave of Absence without pay, 11/1/86 through 5/31/87.

LEXINGTON CAMPUS

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Kandra, Gyorgy A., Visiting Professor, Agronomy, 8/15/86 through 6/30/87.

Kandra, Lili B., Visiting Professor (part-time), Agronomy, 8/15/86 through 6/30/87.

Pescatore, Anthony J., Assistant Extension Professor, Animal Sciences, 8/11/86 through 6/30/87.

College of Architecture

Galliano, Enzo, Visiting Professor (part-time), 10/1/86 through 11/30/86.

College of Business and Economics

Kane, Michael, Assistant Professor, Management, 9/1/86 through 5/31/87.

College of Engineering

Lee, Tsu-Tian, Visiting Professor, Electrical Engineering, 9/15/86 through 6/30/87.

B. ADMINISTRATIVE APPOINTMENTS

College of Agriculture

Pass, Bobby C., Professor (with tenure), Entomology, and Chairman Entomology, reappointed Chairman, Entomology, 7/1/86 through 6/30/92.

Smith, David A., Professor (with tenure), Plant Pathology, appointed Chairman, Plant Pathology, 10/1/86 through 6/30/92.

College of Arts and Sciences

Breitbart, Yuri, Professor (with tenure), Computer Science, appointed Chairman, Computer Science, 8/16/86 through 6/30/90.

College of Business and Economics

Shepard, Jon M., Professor (with tenure), Management, appointed Chairman, Management, 10/1/86 through 6/30/91.

C. CHANGES

College of Education

Guskey, Thomas R., from Associate Professor (with tenure), Educational and Counseling Psychology, to Associate Professor (with tenure), Educational Policy Studies and Evaluation, effective 7/1/86.

Kifer, Edward W., from Associate Professor (with tenure), Educational Counseling and Psychology, to Associate Professor (with tenure), Educational Policy Studies and Evaluation, effective 7/1/86.

D. RETIREMENTS

Vice Chancellor for Administration

Byers, Ralph A., Supervisor, Heating and Cooling, Physical Plant Division, after 25 consecutive years of service, effective 1/2/87.

Marks, Jean M., Account Clerk IV, Student Center Cafeteria, Auxiliary Services, after 18 consecutive years of service, effective 10/24/86.

E. EARLY RETIREMENTS

Vice Chancellor for Administration

McCormick, Dora H., Cook Baker I, Blazer Cafeteria, Auxiliary Services, to transfer status from II.E of AR II-1.6-1 to II.A.1 of AR II-1.6-1, effective 10/1/86.

F. POST-RETIREMENT APPOINTMENTS

College of Agriculture

Allen, Steve, Consultant (part-time), Agricultural Economics, 11/11/86 through 12/5/86.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

McIlwain, Morgan, Instructor (part-time), Horticulture and Landscape Architecture, 9/1/86 through 12/31/86.

College of Architecture

Hisel, Carolyn Young, Visiting Assistant Professor (part-time), 8/15/86 through 6/30/87.

*Special Title Series

Whitney, John S., Jr., Visiting Assistant Professor (part-time),
8/1/86 through 6/30/87.

College of Arts and Sciences

Barbour, Ann K., Instructor (part-time), English, 8/16/86 through
12/31/86.
Christ, Alice T., Instructor (part-time), Classics, 8/16/86 through
12/31/86.
Dinger, James S., Assistant Adjunct Professor, Geological Sciences
8/16/86 through 6/30/88.
Fogelson, Nancy, Assistant Professor, History, 8/16/86 through
5/31/87.
Gilbert, Theresa, Instructor (part-time), English, 8/16/86 through
12/31/86.
Johnson, Michael D., Instructor (part-time), Physics and Astronomy,
8/16/86 through 5/31/87.
Kleppinger, Eugene D., Instructor (part-time), Chemistry, 8/16/86
through 5/31/87.
Leridée, Bénédicte, Instructor (part-time), French, 8/16/86 through
12/31/86.
Nazhat, Saadi, Instructor (part-time), Sociology, 8/16/86 through
12/31/86.
Pandit, Lalita, Instructor (part-time), English, 8/16/86 through
12/31/86.
Pierce, Gary W., Instructor (part-time), English, 8/16/86 through
12/31/86.
Retzlaff, Kay L., Instructor (part-time), English, 8/16/86 through
12/31/86.
Reynolds, Thomas E., Instructor (part-time), English, 8/16/86
through 12/31/86.
Shelby, Anne, Instructor (part-time), English, 8/16/86 through
12/31/86.
Smith, Christine M., Instructor (part-time), English, 8/16/86
through 12/31/86.
Stribling, Marda, Instructor (part-time), Mathematics, 8/16/86
through 12/31/86.
Sutton, Doris G., Instructor (part-time), English, 8/16/86 through
12/31/86.
Turenne, Elaine M., Instructor (part-time), English, 8/16/86
through 12/31/86.
Vance, Diane E., Instructor (part-time), Chemistry, 8/16/86 through
5/31/87.
Vijayaluckshimi, J., Instructor (part-time), Mathematics, 8/16/86
through 12/31/86.
Walden, Stephen, Instructor (part-time), French, 8/16/86 through
12/31/86.
Webb, A. Dean, Instructor (part-time), English, 8/16/86 through
12/31/86.
Wyatt, James L., Instructor (part-time), English, 8/16/86 through
12/31/86.

College of Communications

Aldy, Carol B., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Crawley, Bruce A., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
DePrima, Jemmifer S., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Howerton, Jeffrey S., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Mohamed-Nor, Nor Zalina, Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Parlanti, Jean M., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Pell, Pat H., Instructor (part-time), Communication, 8/15/86 through 12/31/86.
Sutherland, Janis M., Instructor (part-time), Communication, 8/15/86 through 12/31/86.

College of Education

Ferlan, Mary E., Instructor (part-time), Health, Physical Education, and Recreation, 7/1/86 through 6/30/87.
Fleming, Jo Ellen, Assistant Professor (part-time), Special Education, 7/1/86 through 6/30/87.
Peterson, Polly, Assistant Professor, Educational and Counseling Psychology, 7/1/86 through 6/30/88.
Stewart, Sharon R., Instructor (part-time), Special Education, 8/16/86 through 12/31/86.

College of Fine Arts

Bowles, Virginia, Instructor (part-time)*, Music, 9/1/86 through 12/31/86.
Boyd, Donna, Instructor (part-time)*, Music, 9/1/86 through 12/31/86.
Fратиanni, Joseph, Instructor (part-time)*, Music, 8/1/86 through 5/31/87.
Morrison, Barbara, Instructor (part-time)*, Music, 9/1/86 through 12/31/86.
Schindler, Robert E., Instructor (part-time)*, Music, 9/1/86 through 12/31/86.
Sogin, David W., Assistant Professor, Music, 8/16/86 through 6/30/87.

College of Law

Comelly, Allison I., Instructor (part-time), 10/1/86 through 2/28/87.
Dawahare, Debra H., Instructor (part-time), 10/1/86 through 2/28/87.

Duncan, Robert F., Instructor (part-time), 10/1/86 through 2/28/87.
Green, Ronald L., Instructor (part-time), 10/1/86 through 2/28/87.
Lovely, Bernard F., Instructor (part-time), 10/1/86 through 2/28/87.
Lovely, Sylvia L., Instructor (part-time), 10/1/86 through 2/28/87.
Moorman, Richard K., Instructor (part-time), 10/1/86 through 2/28/87.
Roney, Michael B., Instructor (part-time), 10/1/86 through 2/28/87.
Shepherd, Phillip J., Instructor (part-time), 10/1/86 through 2/28/87.
Wilson, Judge Bradley, Instructor (part-time), 10/1/86 through 2/28/87.
Yunker, Katherine K., Instructor (part-time), 10/1/86 through 2/28/87.

College of Library and Information Science

Carrigan, Dennis, Assistant Professor, 9/1/86 through 6/30/87.

B. ADMINISTRATIVE APPOINTMENTS

Vice Chancellor for Academic Affairs

Connell, Mike A., Senior Data Base Administrator, Computing Center, effective 8/11/86.

C. REAPPOINTMENTS

College of Arts and Sciences

Ades, Harriet, Assistant Professor (part-time), Chemistry, 8/16/86 through 5/31/87.
Baltus-Sih, Marie-Sylvie, Instructor (part-time), French, 8/16/86 through 12/31/86.
Bitetto, Vito, Instructor (part-time), Computer Science, 8/16/86 through 12/31/86.
Blythe, Marsha J., Instructor (part-time), French, 8/16/86 through 12/31/86.
Burgett, James E., Instructor (part-time), German, 8/16/86 through 5/31/87.
Campbell, F. Diane, Instructor (part-time), English, 8/16/86 through 12/31/86.
Carter, Michael W., Instructor (part-time), English, 8/16/86 through 12/31/86.
Cooper, John B., Instructor (part-time), English, 8/16/86 through 12/31/86.
Coventry, Sarah J., Instructor (part-time), English, 8/16/86 through 12/31/86.
Coz, Sigred L., Instructor (part-time), French, 8/16/86 through 12/31/86.

Crawley, Bryan S., Instructor (part-time), Computer Science,
8/16/86 through 12/31/86.

Crocker, Lina E., Instructor (part-time), English, 8/16/86 through
12/31/86.

Davis, Jeffrey K., Instructor (part-time), Computer Science,
8/16/86 through 12/31/86.

DeSimone, Shirley C., Instructor (part-time), English, 8/16/86
through 12/31/86.

Feinberg, David, Instructor (part-time), Psychology, 8/16/86
through 12/31/86.

Francis, Melanie M., Instructor (part-time), English, 8/16/86
through 12/31/86.

Galloway, Lynn A., Instructor (part-time), English, 8/16/86 through
12/31/86.

Gatton, John S., Instructor (part-time), English, 8/16/86 through
12/31/86.

Gleason, James, Instructor (part-time), English, 8/16/86 through
12/31/86.

Gregory, Howard, Instructor (part-time), French, 8/16/86 through
12/31/86.

Hamilton, Sarah, Instructor (part-time), English, 8/16/86 through
12/31/86.

Hay, Jane, Instructor (part-time), Biological Sciences, 8/16/86
through 5/31/87.

Hoffman, Mary Beth, Instructor (part-time), Classics, 8/16/86
through 5/31/87.

Holwerk, Mildred S., Instructor (part-time), English, 8/16/86
through 12/31/86.

Hower, James C., Assistant Adjunct Professor, Geological Sciences,
7/1/86 through 6/30/88.

Isenhour, Janet L., Instructor (part-time), English, 8/16/86
through 12/31/86.

Levine, Judith R., Instructor (part-time), English, 8/16/86 through
12/31/86.

Lyon, Edmund D., Instructor (part-time), History, 8/16/86 through
12/31/86.

McHenry-Hepner, Virginia, Instructor (part-time), English, 8/16/86
through 12/31/86.

Moss, Marvin, Instructor (part-time), Mathematics, 8/16/86 through
12/31/86.

Najarzadeh, Reza, Instructor (part-time), Mathematics, 8/16/86
through 12/31/86.

Oaks, Janice H., Instructor (part-time), English, 8/16/86 through
12/31/86.

Pope, George W., Instructor (part-time), Chemistry, 8/16/86 through
5/31/87.

Robinson, Penny, Instructor (part-time), Mathematics, 8/16/86
through 12/31/86.

Seiler, Michael J., Instructor (part-time), Mathematics, 8/16/86
through 12/31/86.

Slusher, Kathleen C., Instructor (part-time), English, 8/16/86
through 12/31/86.

Stonecipher, Mabel, Instructor (part-time), English, 8/16/86 through 12/31/86.
Tandy, Caron, Instructor (part-time), English, 8/16/86 through 12/31/86.
Tipton, Louise B., Instructor (part-time), English, 8/16/86 through 12/31/86.
Vass, Frank R., Instructor (part-time), English, 8/16/86 through 12/31/86.
Weber, Deborah L., Instructor (part-time), Mathematics, 8/16/86 through 12/31/86.
Weick, George P., Instructor (part-time), English, 8/16/86 through 12/31/86.
Williams, Jeff, Instructor (part-time), Mathematics, 8/16/86 through 12/31/86.
Witte, Florence M., Instructor (part-time), English, 8/16/86 through 12/31/86.
Zahniser, Ann H., Instructor (part-time), English, 8/16/86 through 12/31/86.

College of Education

Shapiro, Robert, Assistant Professor, Health, Physical Education, and Recreation, 1/1/87 through 12/31/87.
Threadgill, Ronald, Assistant Professor, Administration and Supervision, 8/16/87 through 6/30/88.

College of Engineering

Cheeks, Richard, Assistant Adjunct Professor, Civil Engineering, 7/1/86 through 6/30/87.
Gorman, C. Thomas, Assistant Adjunct Professor, Civil Engineering, 7/1/86 through 6/30/87.

College of Fine Arts

Humphreys, Elaine, Instructor (part-time)*, Music, 9/1/86 through 5/31/87.
Kagan-Moore, Patrick, Assistant Professor, Theatre, 8/16/86 through 6/30/87.
Vasek, Judith, Instructor (part-time)*, Music, 9/1/86 through 5/31/87.
Warren, Dale E., Assistant Professor*, Music, 7/1/86 through 6/30/87.

College of Law

Crittenden, Roger L., Instructor (part-time), 10/1/86 through 2/28/87.

*Special Title Series

College of Social Work

Herring, Helen M., Assistant Professor (voluntary, part-time),
8/16/86 through 6/30/88.

D. LEAVES OF ABSENCE

College of Agriculture

Evangelou, V. P., Associate Professor (with tenure), Agronomy,
Sabbatical leave with full salary, 1/12/87 through 7/11/87.

College of Arts and Sciences

Abbott, Susan, Associate Professor (with tenure), Anthropology,
Sabbatical leave with full salary, 1/1/87 through 6/30/87.
Adelstein, Michael, Professor (with tenure)*, English, To rescind
Sick leave with pay for 8/16/86 through 11/3/86.

College of Education

Bickel, Frank C., Associate Professor (with tenure), Curriculum
and Instruction, Sabbatical leave with full salary, 1/1/87
through 6/30/87.
Kifer, Edward W., Associate Professor (with tenure), Educational
Policy Studies and Evaluation, Sabbatical leave with full
salary, 1/1/87 through 6/30/87.

University Extension

Yang, Sung Chul, Professor (with tenure), Fort Knox, Leave without
pay, 9/1/86 through 8/31/87.

*Special Title Series

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Dentistry

Lewis, Gene P., Associate Professor*, (with tenure),
Community Dentistry, effective 9/1/86.

B. ADMINISTRATIVE APPOINTMENTS

College of Pharmacy

Lubawy, William C., Professor (with tenure), named
Acting Director, Division of Pharmacology and
Toxicology, 9/1/86 through 6/30/87.

C. JOINT APPOINTMENTS

College of Medicine

Abbott, Susan, Associate Professor (with tenure),
Anthropology, joint appointment as Associate Professor
(without tenure), Psychiatry, effective 7/1/86.

D. PROMOTIONS

College of Medicine

Briscoe, William, from Assistant Clinical Professor
(voluntary), Psychiatry, to Associate Clinical
Professor (voluntary), Psychiatry, 7/1/86 through
6/30/88.

Ralph, Donald, from Associate Clinical Professor
(voluntary), Psychiatry, to Clinical Professor
(voluntary), Psychiatry, 7/1/86 through 6/30/88.

E. CHANGES

College of Allied Health Professions

Hochstrasser, Donald, from Professor (with tenure)
Allied Health Education & Research, to Professor (with
tenure), Clinical Nutrition, effective 8/1/86.

*Special Title Series

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

Dunnington, James E. Jr., Assistant Clinical Professor
((voluntary), Physician Assistant Studies, 8/27/86
through 6/30/88.

College of Dentistry

Carroll, Daniel O., Assistant Professor (part-time),
Restorative Dentistry, 7/1/86 through 6/30/87.

College of Medicine

Grobelny, Damian, Assistant Research Professor,
Biochemistry, 8/15/86 through 6/30/87.
Kraman, Lillian, Assistant Clinical Professor (voluntary),
Psychiatry, 7/1/86 through 6/30/88.
Messino, Michael J., Assistant Professor, Medicine, 9/1/86
through 6/30/87.
Owen, Randal W., Clinical Instructor (part-time),
Obstetrics & Gynecology, 9/1/86 through 6/30/87.
Schwartz, Richard W., Assistant Professor, Surgery, 9/2/86
6/30/87.
Spencer, Audrey, Assistant Clinical Professor (voluntary),
Family Practice, 8/1/86 through 6/30/88.
Vanden-Brink, Keith, Assistant Professor, Surgery, 9/1/86
through 6/30/87.
Walker, Robert, Assistant Clinical Professor (voluntary),
Psychiatry, 7/1/86 through 6/30/88.

College of Pharmacy

Bouvette, Ralph, Assistant Professor, 8/1/86 through
6/30/87.

B. TERMINAL REAPPOINTMENTS

College of Medicine

Kung, Marcus, Assistant Professor, Medicine, 10/1/86 through
9/30/87.

C. CHANGES

College of Allied Health Professions

Bowlyow, Joyce E., from Assistant Professor*, Community
Health, to Assistant Professor, Community Health,
10/1/86 through 6/30/87.

*Special Title Series

Hedges, Richard E., from Assistant Professor*, Community Health, to Assistant Professor, Community Health, 10/1/86 through 6/30/87.

College of Medicine

Goldenberg, Edward, from Assistant Professor*, Psychiatry, to Assistant Clinical Professor (voluntary), Psychiatry, 7/1/86 through 6/30/88.

Young, Robert E., from Assistant Clinical Professor (voluntary), Emergency Medicine, to Assistant Clinical Professor (part-time), Emergency Medicine, 8/1/86 through 6/30/87.

College of Nursing

Jacoby, Delwin, from Instructor (temporary), to Instructor*, 9/1/86 through 6/30/87.

D. LEAVES OF ABSENCE

College of Allied Health Professions

Pisaneschi, Janet, Associate Professor*, Medical Technology, Sabbatical leave at half-salary, 1/1/87 through 12/31/87.

*Special Title Series

Office of the President
October 14, 1986

PR 3A

Members, Board of Trustees:

Supplemental Personnel Actions

Recommendation: (1) that approval be given to the attached appointments and/or other staff changes which require Board action; and (2) that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: The attached recommended appointments and/or other staff changes require approval by the Board of Trustees in accordance with Part VIII-B of the Governing Regulations of the University. These recommendations are transmitted to the Board by the appropriate chancellor through the President and have his concurrence.

Under the Governing Regulations, the authority to make certain appointments and/or other staff changes is delegated to the President or other administrators who are required to report their actions to the Board. This report follows the recommendations requiring Board approval.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

0197

CENTRAL ADMINISTRATION

I. BOARD ACTION

A. RETIREMENT

UNIVERSITY RELATIONS

Beasey, Jane L., Executive Assistant, University Relations,
after 26 consecutive years of service, under II.B of AR
II-1.6-1, effective 10/31/86.

II. ADMINISTRATIVE ACTION

A. ADMINISTRATIVE APPOINTMENT

UNIVERSITY RELATIONS

Deborah W. Taylor, Acting Director of the Equine Research
Foundation, Development Office, effective 10/1/86.

Office of the President
October 14, 1986

PR 3B

Members, Board of Trustees:

ACCEPTANCE OF GIFT FROM
THE ESTATE OF FLOYD H. WRIGHT

Recommendation: that the Board of Trustees accept a gift from the estate of Floyd H. Wright to be paid to the University each year from a trust established for this purpose.

Background: The will of Mr. Floyd H. Wright provided for the establishment of the "Dr. Marius E. Johnston and Margaret Johnston Wright Memorial Trust," and it further provided that the annual income from the trust would be transferred to the University of Kentucky for the use of the Medical Center and the Department of Surgery. One-third of the annual income will be for the use of the Medical Center and two-thirds will be for the use of the Department of Surgery. The initial payment of \$219,980.00 has been received from the trustee.

Action: Approved ✓ Disapproved _____ Other _____

Date: October 14, 1986

Office of the President
October 14, 1986

PR 3C

Members, Board of Trustees:

PROPOSED AMENDMENT TO THE GOVERNING REGULATIONS

Recommendation: that the following amendment to the Governing Regulations of the University of Kentucky be received at this time for preliminary consideration and, at the next regular meeting of the Board of Trustees, be included on the agenda for action:

(Note: Proposed addition of new wording is underlined.)

Amendment -- Add a new Part X.C.5.e to read as follows:

e. Scholarly Fellowship Leave

To accept a scholarly fellowship which allows a faculty member to pursue a program of research, and which the funding agency will not process through the University, faculty members may request leave with partial pay. If such leave is recommended by the dean or director of the college and approved by the appropriate chancellor, the faculty member shall be entitled to normal faculty benefits and privileges during the period of temporary change in status. Time spent on scholarly fellowship leave shall count as probationary period service unless the University in granting the leave and the individual accepting it agree to the contrary.

Background: Examples of scholarly fellowships which are related to this amendment are the following: National Endowment for Humanities Faculty Fellowships; American Council of Learned Societies Research Fellowships for Recent Ph.D. Recipients; Senior Faculty Scholarships from Hoover Institution, Stanford University; Fulbright Teaching and Research Awards; and Guggenheim Memorial Foundation Fellowships. Faculty members generally have been reluctant to apply for or to accept such prestigious scholarly fellowships because of decreased income during the period of the fellowship plus loss of faculty benefits such as University contributions toward retirement and medical insurance while on leave without pay. It is in the best interest of the University that conditions be made more favorable for faculty members to accept outstanding faculty development opportunities such as those associated with scholarly fellowships. The proposed change is consistent with the recent policy change allowing faculty benefits to remain in place while a faculty member is on educational leave, as passed by the Board of Trustees on June 25, 1986. This amendment on scholarly fellowship leave is recommended by all of the Chancellors and the University Senate Council.

1620A

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

Office of the President
October 14, 1986

PR 3D

Members, Board of Trustees:

NAMING OF UNIVERSITY BUILDING

Recommendation: that the Board of Trustees approve the name HILARY J. BOONE FACULTY CENTER for the new building which will house the University of Kentucky Faculty Club, Inc.

Background: Mr. Hilary J. Boone, Jr., a 1941 graduate and University of Kentucky Fellow, is a native of Springfield, Kentucky, resident of Fayette County, owner and operator of Wimbleton Farm. His 1984 contribution of \$1,000,000 was the financial base which made possible the construction of the \$2,000,000 facility for a faculty center. Without Mr. Boone's generous gift, such a facility would not currently be under construction.

In recognition of Mr. Boone's continuing support of the University and its programs and in accordance with University policy, the Committee on Naming University Buildings has made its recommendation to the President who recommends to the Board of Trustees that the faculty center be named the HILARY J. BOONE FACULTY CENTER.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: October 14, 1986

Office of the President
October 14, 1986

PR 4A

Members, Board of Trustees:

ESTABLISHMENT OF DIVISION STRUCTURE
OWENSBORO COMMUNITY COLLEGE

Recommendation: that Owensboro Community College be organized to reflect the creation of two academic divisions: Humanities, Social Sciences, and Related Technologies; and Science, Mathematics, Business and Related Technologies.

Background: During the 1986 Session of the Kentucky General Assembly a bill was passed establishing Owensboro Community College as part of the University of Kentucky Community College System effective July 15, 1986. The projected size of the faculty and number of programs at Owensboro justify the creation of two divisions: Humanities, Social Sciences, and Related Technologies; and Science, Mathematics, Business and Related Technologies. Creation of these two Divisions, recommended by the Acting Director of Owensboro Community College and the Chancellor for the Community College System, has been reviewed and recommended for approval by the Owensboro Community College faculty.

Action Taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

Office of the President
October 14, 1986

PR 4B

Members, Board of Trustees:

CHANGE IN DIVISION STRUCTURE
MADISONVILLE COMMUNITY COLLEGE

Recommendation: that Madisonville Community College be reorganized to create two new divisions: Biological Sciences and Related Technologies, and Physical Sciences and Related Technologies.

Background: Madisonville Community College is currently organized and operates as three divisions. Recent additions of new programs justify splitting the Division of Natural Sciences and Related Technologies into two divisions: Biological Sciences and Related Technologies, and Physical Sciences and Related Technologies. This proposed change in division structure, recommended by the Director of Madisonville Community College and the Chancellor for the Community College System, has been reviewed and recommended for approval by the faculty of Madisonville Community College.

Action Taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

Office of the President
October 14, 1986

PR 6A

Members, Board of Trustees:

BOARD APPOINTMENTS, MCDOWELL CANCER NETWORK

Recommendation: that Mr. William Balden, Mr. Brownell Combs II, Dr. William Cook and Dr. Warren Proudfoot be reappointed as non-faculty members of the Board of Directors of the McDowell Network, that Dr. Merle M. Mahr be appointed as a non-faculty member and Dr. Carolyn Williams and Dr. Robert L. Lester be appointed as faculty members of the Board of Directors of the McDowell Network, with terms beginning October 1, 1986 and expiring September 30, 1989. It is also recommended that Mrs. Judy Rose be appointed to fill a vacancy in a term expiring September 30, 1987.

Background: according to the Bylaws of the McDowell Cancer Network, its Board of Directors shall consist of no fewer than 18 nor more than 24 members appointed by the President and approved by the Board of Trustees of the University of Kentucky. The above appointments will bring the total number of Directors to 24.

Action: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

Office of the President
October 14, 1986

FCR 1

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE TWO MONTHS ENDED
AUGUST 31, 1986

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the two months ended August 31, 1986.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations, consisting of the University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, University of Kentucky Mining Engineering Foundation, Inc., University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Humanities Research Foundation, University of Kentucky Equine Research Foundation, Inc., and Health Care Collection Service, Inc.

As of August 31, 1986, the University had realized income of \$116,830,000 representing 24% of the 1986-87 estimate of \$488,381,000. Expenditures and commitments total \$71,435,000 or 15% of the approved budget of \$488,381,000.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
AUGUST 31, 1986
(in thousands)

Statement 1

	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals August 31, 1986
ASSETS						
Cash and cash equivalents	\$ 52,850	\$ 31,123	\$ 1,996	\$ 41	\$ 79,973	\$ 165,983
Notes, loans, and A/R (less bad debt allowances of \$2,482)	46,173	18	13,995	3	287	60,476
Investments	12,258	31,310		39,335	14,769	97,672
Property, plant, and equipment					556,424	556,424
Inventories and other	7,414	111				7,525
Total Assets	\$118,695	\$ 62,562	\$15,991	\$39,379	\$651,453	\$ 888,080
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 12,636	\$ 557	\$		\$ 3,595	\$ 16,788
Employee withholdings and deposits		18,434	271			18,705
Other liabilities	118				1,407	1,525
Estimated settlements for cost reimbursement	4,916					4,916
Deferred income	10,651	60				10,711
Bonds and notes payable					165,791	165,791
Net deferred revenues and appropriated fund balances	52,287	(230)				52,057
Total Liabilities	80,608	18,821	271	0	170,793	270,493
Interfund Balances	(14,812)	19,905			(5,093)	0
Fund Balances						
Current						
Unrestricted						
Working capital	31,552					31,552
Future operations	13,151					13,151
Other	8,196					8,196
Restricted						
		23,836				23,836
Loan						
			15,720			15,720
Endowment						
True				19,995		19,995
Term				978		978
Quasi				18,406		18,406
Plant						
Allocated for designated projects					77,391	77,391
Net investment in plant					408,362	408,362
Total Fund Balances	52,899	23,836	15,720	39,379	485,753	617,587
Total Liabilities and Fund Balances	\$118,695	\$ 62,562	\$15,991	\$39,379	\$651,453	\$ 888,080

CONSOLIDATED STATEMENT OF CURRENT FUNDS
REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE MONTH ENDED AUGUST 31, 1986
with comparative totals for August 31, 1985
(in thousands)

Schedule 1

	1986-1987				1985-1986	
	ORIGINAL BUDGET	REVISED BUDGET	REALIZED TO DATE	PERCENT REALIZED	REALIZED TO DATE	PERCENT REALIZED
REVENUES AND APPROPRIATED FUND BALANCES						
STATE APPROPRIATION	\$ 205,084	\$ 205,084	\$ 50,470	25	\$ 46,840	25
STUDENT FEES	46,405	46,405	17,493	38	13,559	32
FEDERAL APPROPRIATIONS	12,541	12,541	2,235	18	2,390	17
COUNTY APPROPRIATIONS	3,364	3,364	362	11	264	8
ENDOWMENT INCOME	689	689				
INVESTMENT INCOME	9,491	9,491	1,498	16	1,443	16
GIFTS AND GRANTS						
Affiliated corporations	6,212	6,212	48	1	806	14
Other	4,214	4,214	158	4	135	10
SALES AND SERVICES	11,080	11,080	1,511	14	1,386	15
HOSPITAL						
Revenues	72,940	72,940	14,412	20	13,251	18
Fund Balances	6,820	6,820	6,820	100	12,535	100
Total Hospital and clinics	79,760	79,760	21,232	27	25,786	34
FUND BALANCES	8,281	8,281	8,281	100	12,239	100
TOTAL GENERAL FUND AND HOSPITAL	387,121	387,121	103,288	27	104,848	29
AUXILIARY SERVICES	24,817	24,817	2,491	10	2,832	11
RESTRICTED FUNDS	34,915	34,915	5,392	15	4,802	15
AFFILIATED ORGANIZATIONS	41,528	41,528	5,659	14	1,570	15
TOTAL REVENUES AND APPROPRIATED FUND BALANCES	\$ 488,381	\$ 488,381	\$ 116,830	24	\$ 114,052	23

CONSOLIDATED STATEMENT OF CURRENT FUND
EXPENDITURES AND TRANSFERS SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE MONTH ENDED AUGUST 31, 1986
(in thousands)

Schedule 2

	1986-1987		EXPENDITURES/ ENCUMBRANCES TO DATE	PERCENT EXPENDED/ ENCUMBERED
	ORIGINAL BUDGET	REVISED BUDGET		
INSTRUCTION	\$ 131,930	\$ 131,930	\$ 20,469	16
RESEARCH	55,352	55,352	7,886	14
PUBLIC SERVICE	43,433	43,433	8,408	19
ACADEMIC SUPPORT	32,949	32,949	6,227	19
STUDENT SERVICES	11,142	11,142	2,127	19
STAFF BENEFITS	7,689	7,689	1,038	13
INSTITUTIONAL SUPPORT	18,384	18,384	4,450	24
STUDENT FINANCIAL AID	20,088	20,088	4,565	23
OPERATION AND MAINTENANCE	28,553	28,553	3,281	11
MANDATORY TRANSFERS (DEBT SERVICE)	13,867	13,867		
RESERVES	9,386	9,386		
HOSPITAL	80,873	80,873	10,348	13
AUXILIARY ENTERPRISES	34,735	34,735	2,636	8
	<u>\$ 488,381</u>	<u>\$ 488,381</u>	<u>\$ 71,435</u>	<u>15</u>

EXPENDITURES AND TRANSFERS SUMMARY
BY CATEGORY OF EXPENDITURES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE MONTH ENDED AUGUST 31, 1986
(in thousands)

	ORIGINAL BUDGET	REVISED BUDGET	EXPENDED/ ENCUMBERED	% EXPENDED ENCUMBERED
PERSONNEL COSTS	\$ 290,706	\$ 290,706	\$ 44,791	15
OPERATING EXPENSES	161,342	161,342	22,205	14
MANDATORY TRANSFERS (DEBT SERVICE)	13,867	13,867		0
CAPITAL OUTLAY	22,466	22,466	4,439	20
	<u>\$ 488,381</u>	<u>\$ 488,381</u>	<u>\$ 71,435</u>	<u>15</u>

CONSOLIDATED STATEMENT OF CURRENT FUNDS
EXPENDITURES AND TRANSFERS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE MONTH ENDED AUGUST 31, 1986
with comparative totals for August 31, 1985
(in thousands)

Schedule 3

EXPENDITURES AND TRANSFERS	1986-1987				1985-1986	
	ORIGINAL BUDGET	REVISED BUDGET	EXPENDED ENCUMBERED TO DATE	PERCENT EXPENDED/ ENCUMBERED	EXPENDED ENCUMBERED TO DATE	PERCENT EXPENDED/ ENCUMBERED
UNRESTRICTED CURRENT FUNDS						
INSTRUCTION	\$ 122,992	\$ 122,992	\$ 19,784	16	18,891	17
RESEARCH	25,234	25,234	4,111	16	4,205	19
PUBLIC SERVICE	36,167	36,167	6,663	18	5,359	16
ACADEMIC SUPPORT	30,167	30,167	5,847	19	5,714	21
STUDENT SERVICES	10,999	10,999	2,114	19	1,223	12
STAFF BENEFITS	7,689	7,689	1,038	13	847	12
INSTITUTIONAL SUPPORT	16,830	16,830	4,191	25	5,044	34
STUDENT FINANCIAL AID	4,524	4,524	860	19	101	
OPERATION AND MAINTENANCE OF PLA	28,453	28,453	3,275	12	3,742	14
MANDATORY TRANSFERS DEBT SERVICE	13,867	13,867				
RESERVES	9,386	9,386				
HOSPITAL	80,813	80,813	10,348	13	7,364	9
TOTAL CURRENT UNRESTRICTED FUNDS	387,121	387,121	58,231	15	52,490	14
RESTRICTED CURRENT FUNDS						
INSTRUCTION	2,288	2,288	506	22	225	12
RESEARCH	13,872	13,872	2,243	16	3,646	24
PUBLIC SERVICE	1,194	1,194	274	23	236	20
ACADEMIC SUPPORT	1,246	1,246	118	9	153	18
STUDENT SERVICES	133	133	9	7		
INSTITUTIONAL SUPPORT	594	594	101	17	18	14
STUDENT FINANCIAL AID	15,428	15,428	3,631	24	3,241	20
OPERATIONS AND MAINTENANCE	100	100	6	6		
HOSPITAL	60	60				
TOTAL RESTRICTED CURRENT FUND	34,915	\$ 34,915	\$ 6,888	20	7,519	23
AUXILIARY ENTERPRISES	24,817	24,817	1,339	5	3,591	15
AFFILIATED ORGANIZATIONS	41,528	41,528	4,977	12	2,246	21
TOTAL EXPENDITURES	\$ 488,381	\$ 488,381	\$ 71,435	15	\$ 65,846	13

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES
AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE MONTH ENDED AUGUST 31, 1986
(in thousands)

Schedule 4

REVENUES, REALIZED		\$ 101,729
APPROPRIATED FUND BALANCES		
Current unrestricted fund	\$ 8,281	
University Hospital	6,820	

TOTAL APPROPRIATED FUND BALANCES		15,101

TOTAL REVENUES AND APPROPRIATED		
FUND BALANCES (SCHEDULE 1)		116,830

EXPENDITURES/ENCUMBRANCES (SCHEDULE 2)	71,435	
LESS: RESERVE FOR ENCUMBRANCES	(6,662)	

TOTAL EXPENDITURES		64,773

NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES (STATEMENT 1)		\$ 52,057
		<u>52,057</u>

Office of the President
October 14, 1986

FCLR 2

Members, Board of Trustees:

Disposal of Personal Property

Recommendation: that the Board of Trustees approve the disposition of obsolete and surplus equipment.

Background: KRS 164A.575 requires that the governing board sell or otherwise dispose of all personal property which is not needed by the institution.

Exhibit I is the sale of "Triple Elvis" canvas painting by consignment.

Exhibit II is the sale of surplus vehicles by public auction.

Exhibit III is the sale of a gymnastic's floor by sealed bid.

Exhibit IV is the sale of farm equipment by public auction.

Exhibit V is the transfer of scientific equipment to the United States Department of Agriculture, Agricultural Research Service.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

UNIVERSITY OF KENTUCKY

Sale of "Triple Elvis" Canvas Painting

TYPE OF DISPOSAL: Consignment with Art Auction Dealer.

REASON: Item is not in keeping with the Art Museums present collection.

ITEM: "Triple Elvis" canvas painting.

UNIVERSITY OF KENTUCKY

Sale of Surplus Vehicles

TYPE OF DISPOSAL: Public Auction

REASON: Excessive mileage, aged, excessive maintenance cost, damaged
or wrecked.

SALE DATE: November, 1986

ITEMS:

<u>FLEET #</u>	<u>MAKE</u>	<u>YEAR</u>	<u>SERIAL NUMBER</u>
1-189	CHEV	1967	GS157P121869
1-198	DODGE	1968	1281835491
1-201	DODGE	1968	1281835178
1-251	DODGE	1971	D21BB1S75076
1-255	DODGE	1972	B21AB2V606493
1-272	DODGE	1973	B21ABB3X077065
2-136	CHEV	1957	V3667N120646
2-350	FORD	1966	F10YC865848
2-459	CHEV	1969	CE149F840925
2-460	CHEV	1969	CE149F841361
2-466	DODGE	1960	1281912315
2-560	DODGE	1974	D14AE2S504847
2-637	INT	1972	B13105H266074
2-746	RIVER	1967	3109-3106
2-859	CUSHMAN	1970	284258
2-881	CHEV	1978	CCU148F50599
4-128	CHEV	1981	1GAGG35M7B7106343
5-028	INT	1964	FD64646H
9-162	INT	1972	B13208H261724
9-209	DODGE	1981	2B5WB31F5BK255139
11-106	INT	1972	B17207H269015
11-108	INT	1972	B17207H268796
11-110	CHEV	1976	CKL266F186871
12-122	CHEV	1974	CKY185F112444
12-123	CHEV	1974	CKY185F110427
12-124	CHEV	1974	CKY185F112679
12-131	CHEV	1976	CKL186F200233
12-140	DODGE	1978	A10BF8S273864
22-143	AMBASS	1978	A8A857377936
22-155	AMC	1973	8511313130
25-113	INT	1973	3H2FOCHB69551
26-106	DODGE	1974	B21AE4X
26-107	DODGE	1969	1962168865
26-119	DODGE	1972	D24BB2U575462
27-101	FORD	1968	F50ACD51409
27-105	CHEV	1972	CPE252F183907
35-103	DODGE	1965	1962051401

Exhibit III

University of Kentucky

Sale of Gymnastic's Floor

TYPE OF DISPOSAL: Sealed Bid

REASON: Damaged and Missing Parts.

ITEM: 1 - 40 X 40 Spivey Gymnastic's Floor

Exhibit IV

University of Kentucky

Sale of Farm Equipment

TYPE OF DISPOSAL: Public Auction

REASON: Aged, excessive maintenance cost.

SALE DATE: November, 1986.

ITEMS:

Farm Equipment

Galion Road Roller	Model P
Huber Road Grader	Model 10D
Littleford Road Roller	Model 155
Allis Chalmers Loader	Model TL545
International Dozer	Model TD 9
(4) New Holland Fertilizer Spreaders	Model 408
John Deere Plow	
International Plow	
(3) International Grain Drills	Model 10
Allis Chalmers Tractor	Model D10
Ford Tractor	Model 8N
(2) International Grain Elevators	Model 21
New Holland Hay Elevator	Model 132
Hay Conditioner	Model 8-15
New Holland Silage Blower	
(3) John Deere Corn Planters	Model 71
Aerial Tar Pot	
(3) Bulk O Matic Grain Storage Tanks	
(2) Red Seal Barrantine Sprayer	Model 64 3442, 3316
Allis Chalmers Combine	Model 72
New Holland Liquid Manure Spreader	Model 345
John Deere Sickle Mower	
Danuser Post Driver	Model MD-5
(11) Woods Mowers	Model 320,C114,C80

Exhibit V

UNIVERSITY OF KENTUCKY

Transfer of Scientific Equipment to the United States Department
of Agriculture, Agricultural Research Service

TYPE OF DISPOSAL: Transfer at no cost.

REASON: Dr. Mike Perdue is relocating to Southeast Poultry Research Unit, Athens, Georgia, a division of the United States Department of Agriculture. The equipment was purchased with funds from National Institute of Health (NIH) and National Science Foundation (NSF) grants. The Agricultural Research Service, Southeast Poultry Research Unit is requesting these items be transferred, at no cost, to further Dr. Perdue's research. If these items are retained by the University they would be non-functional equipment. In addition, Dr. Perdue is the only investigator on campus who can utilize the equipment.

ITEMS:

Incubator Petersime Egg
Incubator National CO
Refrigerator Dillon-Lilly #1
Microwave Kenmore
Water Bath Precision
Microscope w/Condenser, Light Source, Leitz
Centrifuge Beckman TJ6 Table Top
Microfractionator Gilson
Pump K/K Vacuum
Refrigerator Cryocool Neslab
Bath Glycol Neslab Ethylene
Power Supply
Balance Mettler
Meter Corning PH
Custom made Gel Rig, Gene Machine
Refrigerator Dillon Lilly #2
Microfuge Eppendorf
Chronometrics Electronic Interval Timer
Dankar Custom Built Gel Rig
Buckler Evaporator
Dankar Custom Gel Rigs #1

Office of the President
October 14, 1986

FCR 3

Members, Board of Trustees:

Report of Leases

Recommendation: that the President report the following lease agreements in accordance with Board policy:

The execution of a lease between Hazard Community College and Moore Real Estate/Hazard Properties, 609 Main Street, Hazard, Kentucky, effective September 1, 1986 through June 30, 1987, for the use of office space, rental rate of \$14,400 annually, be accepted and made a matter of record;

The modification of a lease between the University of Kentucky Cooperative Extension Service, change in ownership to Lessor: Health Careers Institute, 1202 S. Third Street, Louisville, Kentucky, be accepted and made a matter of record..

Background: FCR 5, dated October 15, 1985, authorized the President or his designated representative to enter into leases and easements not exceeding \$30,000 in value and required that all leases entered into under this authority be reported to the Board.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

Office of the President
October 14, 1986

FCR 4

Members, Board of Trustees:

AGREEMENT WITH THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
FOR THE DEVELOPMENT AND OPERATION OF AN ARBORETUM PARK

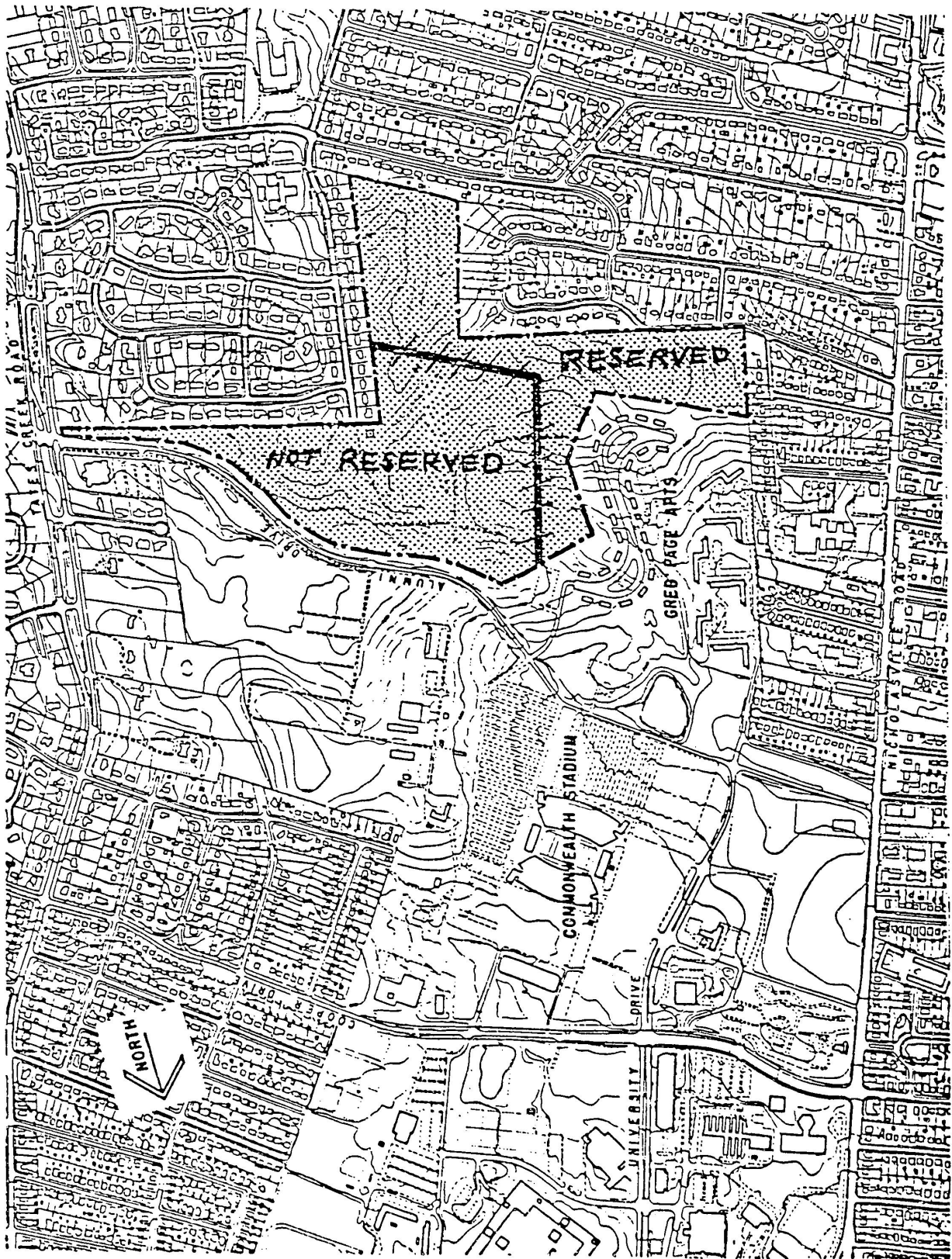
Recommendation: that the President and the Chairman of the Board of Trustees of the University of Kentucky be authorized to enter into an agreement with the Lexington-Fayette Urban County Government to provide for the development and operation of a 100-acre tract south of Alumni Drive on the main campus in Lexington as an arboretum park (with 50 acres limited as to time and use for a period of 50 years). This tract was reserved by the Board for this purpose in a prior action on December 13, 1983. Said facility shall be known as the University of Kentucky--Lexington-Fayette County Arboretum Park. It will be open to the general public, and the Lexington-Fayette Urban County Government will assist financially with the development of the arboretum park.

Background: The Mayor of the Lexington-Fayette Urban County Government approached the Chancellor of the Lexington Campus some months ago with the proposal that the Government would contribute \$500,000 to the development of the arboretum previously authorized by the Board in 1983, if the University in return would open this tract to the general public. Inasmuch as the University of Kentucky is a public institution, and the Government's proposal complements the University plan for the arboretum and serves the teaching, research, and public service mission of the institution, the Chancellor enthusiastically supported the Mayor's proposal.

The attached agreement has been worked out wherein the entire 100-acre tract set aside by the Board in 1983 will be planned and developed as an arboretum, but only 50 acres of this tract will be reserved for an arboretum park for a period of 50 years. The balance of the land may be converted to some other use at any time by the Board of Trustees if it determines there is a higher priority for the use of the land. Such a facility will serve the teaching and research needs of the faculty and students, and the interests and passive recreational needs of the general public.

Action taken: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986



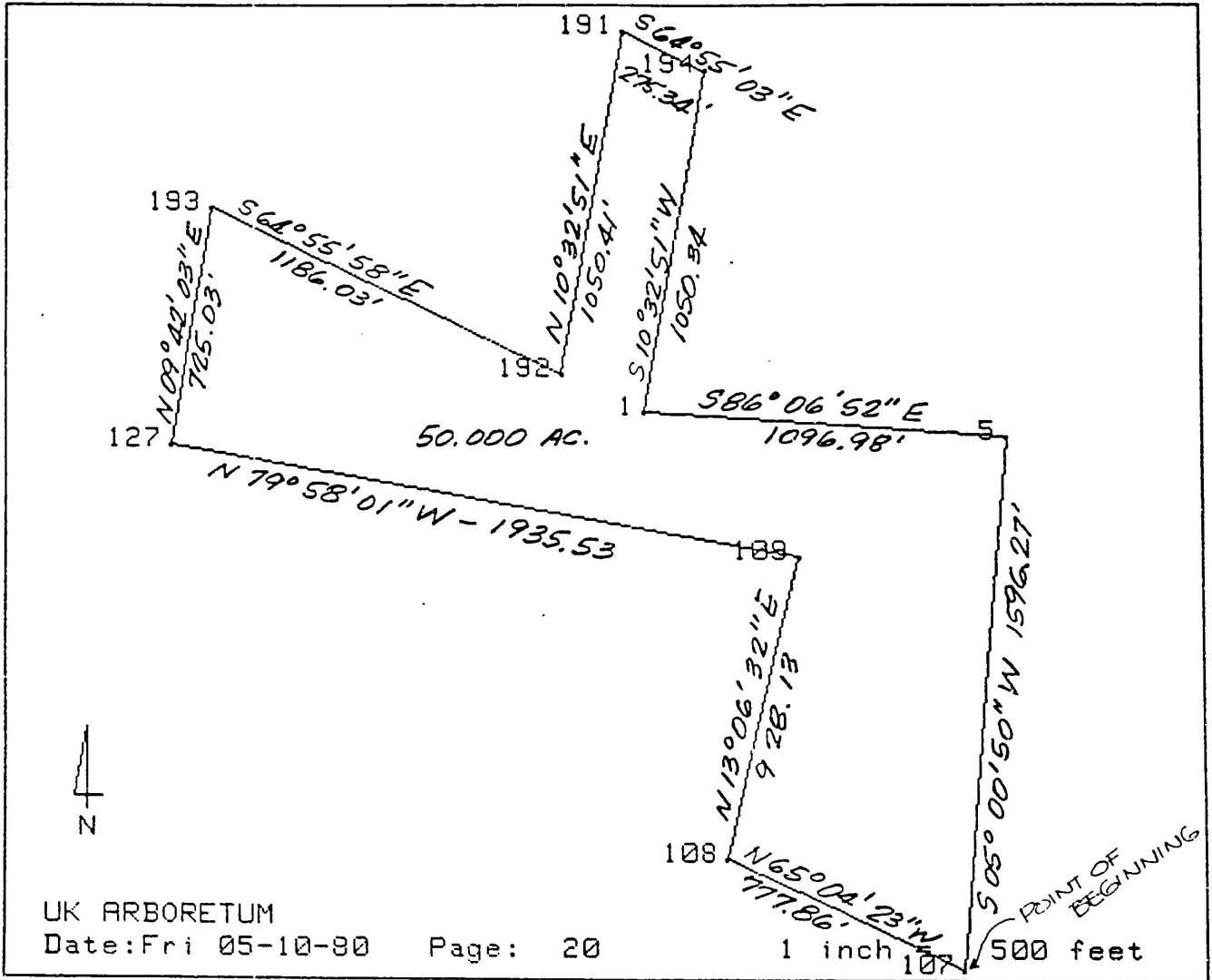
CHANDY 1 AND APPROPRIETIM

UK ARBORETUM

PAGE: 1 Fri 05-10-80 ABORE .500 Rev:Fri 05-10-80 Interactive

'KAP0501'

Act	Pt#	Name	Station	North	East	Elev	Pt#
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.001,1,5,107,108,109,127,193,192,191,194,1

RSA	1<PC	093°53'09.2" RT	187342.52602Y	1925989.11760X	0.00Z	1
		S 86°06'51.9" E	1096.9763'SLP	090°00'00.0" ZEN	334.3584 MTR	
MAP	5<	271°07'41.7" RT	187268.18997Y	1927083.57234X	0.00Z	5
		S 05°00'49.8" W	1596.2743'SLP	090°00'00.0" ZEN	486.5444 MTR	
MAP	107<	289°54'46.9" RT	185678.02361Y	1926944.06367X	0.00Z	107
		N 65°04'23.3" W	777.8589'SLP	090°00'00.0" ZEN	237.0914 MTR	
MAP	108<	258°10'54.9" RT	186005.86094Y	1926238.66504X	0.00Z	108
		N 13°06'31.7" E	928.1345'SLP	090°00'00.0" ZEN	282.8954 MTR	
MAP	109<	086°55'27.9" RT	186909.80930Y	1926449.16674X	0.00Z	109
		N 79°58'00.5" W	1935.5265'SLP	090°00'00.0" ZEN	589.9485 MTR	
MAP	127<		187247.01440Y	1924543.24032X	0.00Z	127

UK ARBORETUM

PAGE: 2 Fri 05-10-80 ABORE .500 Rev:Fri 05-10-80 Interactive

'KAP0501'

Act	Pt#	Name	Station	North	East	Elev	Pt#
		269°40'03.5" RT	725.0289'SLP	090°00'00.0" ZEN	220.9888 MTR		
		N 09°42'03.0" E	725.0289'Proj			0.00 DE	
MAP	193<			187961.67611Y	1924665.41027X	0.00Z	193
		285°21'59.5" RT	1186.0328'SLP	090°00'00.0" ZEN	361.5028 MTR		
		S 64°55'57.6" E	1186.0328'Proj			0.00 DE	
MAP	192<			187459.17388Y	1925739.73117X	0.00Z	192
		075°28'48.5" RT	1050.4121'SLP	090°00'00.0" ZEN	320.1656 MTR		
		N 10°32'51.0" E	1050.4121'Proj			0.00 DE	
MAP	191<			188491.83768Y	1925932.00958X	0.00Z	191
		284°32'05.7" RT	275.3373'SLP	090°00'00.0" ZEN	83.9228 MTR		
		S 64°55'03.4" E	275.3373'Proj			0.00 DE	
MAP	194<			188375.11638Y	1926181.38234X	0.00Z	194
		255°27'54.4" RT	1050.3374'SLP	090°00'00.0" ZEN	320.1428 MTR		
		S 10°32'51.0" W	1050.3374'Proj			0.00 DE	
MAP	1<PC			187342.52602Y	1925989.11760X	0.00Z	1
		2178000.0 SF	50.00000 AC				

P,2

AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 1986, by and between the UNIVERSITY OF KENTUCKY, 110 Administration Building, Lexington, Kentucky 40506, hereinafter referred to as the "University," and the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, 200 East Main Street, Lexington, Kentucky 40507, hereinafter referred to as the "Government."

W I T N E S S E T H:

WHEREAS, the University is the owner an approximate 100-acre tract of land South of Alumni Drive on its main campus in Fayette County Kentucky; and

WHEREAS, it is the desire of the University to develop this 100-acre tract as an arboretum park for use by faculty, students, staff, and the general public (with 50 acres limited as to time and use), and

WHEREAS, it is the desire of the Government that the residents of Fayette County also have the use and benefit of an arboretum park as a public facility; and

WHEREAS, the Government and the University hereafter will make contributions from time to time to the development of an arboretum park on said 100 acre tract provided the University will reserve 50 acres of said 100-acre tract for no purpose other than as described in this Agreement for a period of 50 years;

NOW, THEREFORE, in consideration of the Government's commitment of financial assistance to the University in developing a public arboretum park on said 100 acres, and in further consideration of the benefits to the parties and the public under the terms of this agreement, the parties do hereby agree as follows:

(1) Subject to the terms and conditions contained herein, the University does hereby reserve for public use (by faculty, students, staff, and the general public) as an arboretum park the hereinafter described 50 acre tract of land for a term of 50 years:

Beginning at a point, said point being a fence corner common with Crestwood Subdivision Unit Seven and Lansdowne Shadeland Subdivision Unit 1-A; thence along a fence North 65° 04' 23" West, 777.86 feet to a fence corner; thence along a fence North 13° 06' 32" East, 928.13 feet to a fence corner; thence along a fence North 79° 58' 01" West, 1935.53 feet to a fence corner; thence along a fence North 09° 42' 03" East, 725.03 feet to a point; thence South 64° 55' 58" East, 1186.03 feet to a point; thence North 10° 32' 51" East, 1050.41 feet to a point; thence South 64° 55' 03" East, 275.34 feet to a point; thence South 10° 32' 51" West, 1050.34 feet to a point; thence South 86° 06' 52" East, 1096.98 feet to a point in the fence line common with Lansdowne Shadeland Subdivision; thence along said fence line South 05° 00' 50" West, 1596.27 feet to the point of beginning, containing 50.000 acres.

(2) During the term of this agreement, the above-described 50-acre tract of land shall be subject to the following restrictions:

- (a) The property shall be devoted exclusively to passive recreation and open space purposes. "Passive recreation" shall be defined to permit the construction of nature walks, picnic facilities, hiking paths, bicycle paths, an outdoor amphitheatre, and other improvements, shelters and buildings consistent with the natural arboretum, including fencing and lighting, but shall not include construction of athletic fields, swimming pools, tennis courts, or similar athletic and recreational facilities.
- (b) The property shall remain open to the public under supervision of the University for such passive recreation and open space uses at reasonable hours and days per week as determined by the University upon consultation with the Government.
- (c) The property shall be known as the University of Kentucky-Lexington-Fayette County Arboretum Park.

(3) The University shall prepare a development plan for the arboretum showing various land uses, and which shall include proposed sites for an outdoor amphitheater. The cost of this plan shall be borne equally by the University and the Government, except that the Government's share shall not exceed \$40,000.

Upon formal approval of the development plan by the University's Board of Trustees and the Government, the Government agrees to pay to the University the sum of \$500,000, to be used exclusively for development of the arboretum pursuant to the aforesaid development plan.

(4) A 12-member Advisory Committee composed of the mayor of the Government and the Chancellor of the Lexington Campus of the University as co-chairmen, and five members appointed by the President of the University and five members appointed in accordance with Section 7.02 of the Government's Charter, shall advise the University on the development and operation of the arboretum park. However, the University shall bear full responsibility for all maintenance of the same.

(5) Nothing in this agreement shall be deemed to include or grant any right, title, interest, claim or demand in or to said real estate of the University other than the right of the public to use it for passive recreation and open space purposes, as granted herein. Further, this agreement is not for the purpose of sale, lease, or building development within the meaning of KRS Chapter 100.

(6) If either part defaults in the performance of this agreement, the party not in default shall have the right to seek specific performance from the defaulting party.

(7) This agreement shall run with the land and shall be binding on all parties and all persons claiming under it for a period of 50 years from the date first written above unless an instrument is signed by each party, or their successors and assigns, amending said agreement in whole or in part.

IN WITNESS WHEREOF, the parties have executed this agreement
at Lexington, Kentucky the date first written above.

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: _____
Scotty Baesler, Mayor

ATTEST:

Clerk of Urban County Council

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me by Scotty
Baesler, Mayor, this the _____ day of _____, 1986,
on behalf of the Lexington-Fayette Urban County Government.

My Commission expires: _____

NOTARY PUBLIC

UNIVERSITY OF KENTUCKY

BY: _____
Otis A. Singletary
President
University of Kentucky

BOARD OF TRUSTEES,
UNIVERSITY OF KENTUCKY

BY: _____
Robert T. McCowan
Chairman

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me by Otis
A. Singletary, President, University of Kentucky, and Robert T.
McCowan, Chairman, Board of Trustees, University of Kentucky,
this the _____ day of _____, 1986, on behalf of the
University of Kentucky.

My Commission expires: _____

NOTARY PUBLIC,

Office of the President
October 14, 1986

FCR 5

Members, Board of Trustees:

ACCEPTANCE OF THE FINANCIAL STATEMENTS OF
THE UNIVERSITY OF KENTUCKY AND AFFILIATED
CORPORATIONS AND OTHER RELATED ORGANIZATIONS
FOR THE YEAR ENDED JUNE 30, 1986

Recommendation: That the Board of Trustees accept the audited financial statements of the University of Kentucky including the Management Letter and a Report on Compliance with House Bill 622, and separate financial statements for the Housing and Dining System, the Tobacco and Health Research Institute, and the University Hospital, for the year ended June 30, 1986;

that the Board of Trustees accept the audited financial statements of the affiliated corporations and other related organizations of the University of Kentucky including The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Research Foundation, University of Kentucky Athletic Association, University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Mining Engineering Foundation, Inc., University of Kentucky Equine Research Foundation, Inc., University of Kentucky Humanities Foundation, Health Care Collection Service, Inc., University of Kentucky Alumni Association, and University of Kentucky Hospital Auxiliary for the year ended June 30, 1986.

Background: The Finance Committee of the Board of Trustees has reviewed the audited financial statements and related reports in conjunction with the administration of the University of Kentucky. These financial statements have been audited by Coopers & Lybrand, Certified Public Accountants, and are presented to the Board for acceptance.

Note: The above reports are not included in the Minutes of the meeting but, are included in the official files.

Action: Approved ✓ Disapproved _____ Other _____

Date: October 14, 1986

Office of the President
October 14, 1986

FCLR 6

Members, Board of Trustees:

A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY
OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS
REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES),
DATED OCTOBER 1, 1986

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of \$9,030,000 (which amount may be changed) University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986.

The Resolution further authorizes, ratifies and confirms the action of the Treasurer of the University in publishing a Notice of Sale of Bonds for these Bonds in compliance with KRS Chapters 424 and 162.340 through 162.380, and, further, in distributing or causing the Fiscal Agent, Dupree & Company, Inc., to distribute copies of Official Terms and Conditions of Sale of Bonds, Official Bid Form, and a Preliminary Official Statement, for the purpose of providing adequate information to prospective bidders.

Background: \$7,800,000 Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982, were issued and delivered on December 31, 1982, and there are presently \$7,565,000 of Bonds outstanding, bearing interest at rates ranging from 8% per annum to 10.20% per annum, scheduled to mature on May 1, 1987 through 2008; and it is believed that such Bonds may be advantageously advance refunded, through the advance refunding and redemption on May 1, 1993, of the Bonds scheduled to mature on May 1, 1994 and thereafter, subject to adjustment, and through the advance refunding and defeasement of all of the remaining Series D Bonds scheduled to mature prior to May 1, 1994. The refunding will be accomplished only if the interest rates bid at the time of the sale will achieve a substantial interest cost savings to the Board and to the University.

Action: Approved ☒ Disapproved _____ Other _____

Date: October 14, 1986

RESOLUTION AUTHORIZING THE ISSUANCE

OF

UNIVERSITY OF KENTUCKY

COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)

DATED OCTOBER 1, 1986

DRAFT C

INDEX TO RESOLUTION AUTHORIZING THE ISSUANCE OF
UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL
BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES)
DATED OCTOBER 1, 1986

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A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF
KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS
REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED
OCTOBER 1, 1986.

WHEREAS, the Board of Trustees of the University of Kentucky (the
"Board"), by Resolution entitled:

"A RESOLUTION creating and establishing a Community
Colleges Educational Buildings Project of the University
of Kentucky; creating and establishing a new 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,"

adopted May 6, 1969, has created and established an issue of Community Colleges
Educational Buildings Revenue Bonds (the "Bonds") of the Board of Trustees of
the University of Kentucky; and

WHEREAS, on May 25, 1970, the Board of Trustees adopted a resolution
"clarifying" such Resolution adopted on May 6, 1969, the effect of which
supplementary resolution was (a) to supplement the definition of "Community
Colleges Educational Buildings Project", (b) to supplement the definition of
"Enabling Act", (c) to specify the precise locations of certain Community
Colleges named in the original Resolution, (d) to authorize the issuance of
notes for interim financing of Projects, and (e) to supplement the Resolution
in other respects (the Resolution, as clarified and supplemented, being
hereinafter referred to, collectively, as the "Basic Resolution" or
"Resolution"); and

WHEREAS, the Basic Resolution authorized the issuance by said Board of said Bonds in one or more series pursuant to a resolution authorizing each series; and

WHEREAS, the Board has heretofore issued its Community Colleges Educational Buildings Revenue Bonds, Series A, Series B, Series C, Series D, and Series E, in compliance with the conditions set forth in Section 7.10 of the Basic Resolution relative to the issuance of said respective Bonds on a basis of parity and equality (after the issuance of the Series A Bonds) as to security and source of payment with the outstanding Bonds of the respective series, and

WHEREAS, there are presently outstanding \$7,565,000 of the Series D Bonds, dated December 1, 1982, bearing interest at rates ranging from 8% per annum to 10.20% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2008, and

WHEREAS, because of favorable interest rates currently available in the marketplace, the Board has determined that the Series D Bonds scheduled to mature May 1, 1994 and thereafter, which are subject to prior redemption on or after May 1, 1993, be advance refunded and called for redemption on May 1, 1993, which is the earliest feasible date permitted by the Series D Resolution, that the Board advance refund and defease all of the remaining Series D Bonds scheduled to mature prior to May 1, 1994, and that the Board authorize the issuance and sale of \$9,030,000 (which amount is subject to adjustment as hereinafter provided) of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986, for the purpose of providing funds to effect such advance refunding, redemption and defeasement,

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

ARTICLE I - Authority and Definitions.

Section 1.01. Authority.

This resolution (hereinafter referred to as the "Series D Refunding Resolution", "this Refunding Resolution", or the "Current Bond Resolution") is adopted in accordance with Article II, Section 2.03, and Article VII, Section 7.10, of the Resolution.

Section 1.02. Definitions.

(A) All terms which are defined in Article I of the Basic Resolution (as clarified and supplemented) shall have the same meanings, respectively, in this Refunding Resolution as such terms are given in said Article of such Basic Resolution.

(B) In this Refunding Resolution, the following terms will have the following respective meanings:

"BASIC RESOLUTION" or "RESOLUTION" refers to the original Resolution adopted on May 6, 1969, and the supplemental (clarifying) Resolution adopted on May 25, 1970, creating and establishing the Community Colleges Educational Buildings Project and creating, establishing, and authorizing the issuance of Community Colleges Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky.

"BOARD" refers to the Board of Trustees of the University of Kentucky, and shall include the Executive Committee of the Board acting pursuant to authorization of and/or with ratification by said Board of Trustees.

"BOND COUNSEL" refers to a nationally recognized firm of Bond Counsel, including the firm of Rubin & Hays, Municipal Bond Attorneys, Suite 300, 209 South Fifth Street, Louisville, Kentucky, which firm has prepared the legal proceedings for the issuance of the Current Bonds, has furnished all the customary services of Bond Counsel in this financing, and will continue to furnish such services until the Current Bonds are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Current Bonds and the tax exemption of the interest thereon. A separate legal opinion will be rendered by the law firm of Haynes & Miller,

Washington, D. C., Special Tax Counsel, and relied upon entirely by Bond Counsel (a) that the Current Bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and (b) as to certain matters relating to the effect of pending Federal tax legislation.

"BOND REGISTER" means the books and records maintained by the Bond Registrar as to the registered ownership and transfers of ownership of the Series D Bonds (Second Series) from time to time.

"BOND REGISTRAR", "REGISTRAR", "TRUSTEE", "TRUSTEE-REGISTRAR", "PAYEE BANK", or "TRANSFER AGENT" refers to the Commerce National Bank (formerly known as the Second National Bank), Lexington, Kentucky, which shall constitute the Bond Registrar, Transfer Agent, Payee Bank, and Trustee with respect to the Current Bonds authorized herein, which Bank shall have the duties and responsibilities of (a) issuing semi-annual checks in payment of interest requirements as to the Current Bonds, (b) payment of the principal as same mature upon surrender of the Current Bonds, (c) authenticating, issuing, and delivering the Current Bonds to the Original Purchasers of same in accordance with the sale of the Current Bonds, at the direction of the Board, (d) maintaining the Bond Register, (e) handling exchanges, cancellations, reissuance, redemption, and all appurtenant duties of a Bond Registrar and Transfer Agent with respect to the Current Bonds, as hereinafter set out, and (f) serving as Depository of all funds in connection with the Current Bonds and all outstanding Series A, B, C, D, and E Bonds. Provided, however, it is understood that the Board reserves the right to designate a different FDIC instrumentality to perform any and all of such functions of Bond Registrar, Transfer Agent, and Payee Bank as to the Current Bonds and any future Bonds. Also, it is noted that Liberty National Bank and Trust Company of Louisville, Louisville, Kentucky, was designated as Registrar, Payee Bank, and Transfer Agent, with respect to the Series E Bonds.

"BONDS" refers to all bonds outstanding against and payable from the revenues of the Project, including (a) the Series A, B, C, and E Bonds (the Series D Bonds having been defeased and refunded as herein provided), (b) the Current Bonds, and (c) any future bonds ranking on a parity therewith.

"CODE" or "INTERNAL REVENUE CODE" refers to the United States Internal Revenue Code of 1954, as amended.

"CURRENT BOND RESOLUTION", "THIS CURRENT BOND RESOLUTION", or "THIS RESOLUTION" refers to this Resolution authorizing the Current Bonds.

"CURRENT BONDS" refers to the \$9,030,000 (which amount is subject to adjustment) of Bonds authorized herein, bearing the designation "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986".

"DEBT SERVICE RESERVE" refers to the portion of the Bond Fund in excess of the aggregate Principal, Interest, and Bond Fund Charges of All Bonds for the ensuing year, which excess portion shall constitute the "Debt Service Reserve" created and provided for in Section 405(3) of the Basic Resolution.

"ESCROW AGENT" or "ESCROW BANK" refers to the Commerce National Bank (formerly known as the Second National Bank), Lexington, Kentucky, where funds will be deposited to pay the principal of, premium, where applicable, and interest falling due on the Prior Bonds, as same shall mature or be called for redemption in advance of maturity. Provided that since the Commerce National Bank, Lexington, Kentucky, and The Northern Trust Company, Chicago, Illinois, are the Payee Banks as to the Series D (Prior) Bonds, arrangements will be made between the Escrow Bank and The Northern Trust Company for transfer by the Escrow Bank to The Northern Trust Company of sufficient funds to meet the interest on any of the Prior Bonds presented for payment to the Northern Trust Company, in ample time prior to May 1 and November 1 of each year of principal maturity of the Prior Bonds and to meet principal, redemption premium, and interest payments due thereon on May 1, 1993.

"ESCROW FUND" refers to the "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D Escrow Fund of 1986", created in this Current Resolution.

"FISCAL AGENT" refers to Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507.

"INVESTMENTS" refers to investments of funds on deposit in the Escrow Fund created herein, and includes the following:

- (1) Bonds, Notes or Treasury Bills which are direct obligations of the United States of America, including such obligations known as "Strips", which may be Coupon Bonds without any (attached) interest coupons or Coupons without attached Bonds.

- (2) Obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury - State and Local Government Series.

"ORIGINAL PURCHASERS" or "PURCHASERS" refers to the original purchasers of the Current Bonds at the public sale, including all members of the approved purchasing syndicate or group.

"PRIOR BOND RESOLUTION" refers to the Resolution duly adopted by the Board on November 9, 1982, authorizing the Prior Bonds.

"PRIOR BONDS" refers to the outstanding Bonds of the original authorized issue of Series D Bonds.

"REGULAR RECORD DATE" shall mean with respect to any Interest Payment Date, the close of business on April 15 or October 15, as the case may be, next preceding such Interest Payment Date, whether or not such April 15 or October 15 is a business day.

"REQUIRED CURRENT DEBT SERVICE RESERVE ACCUMULATION" refers to the amount required at any given time to have been accumulated toward the goal of the "Required Debt Service Reserve", based on all outstanding Series of Bonds issued, including the additional amounts required to have been deposited in each year to date (and scheduled to continue for a period of four years) in such Reserve as a result of the issuance of one or more additional Series of Bonds, until the total Required Debt Service Reserve is accumulated.

"REQUIRED DEBT SERVICE RESERVE" refers to the amount required to be accumulated and maintained in the Debt Service Reserve portion of the Bond Fund, which required amount is an amount equal to 125% of maximum Aggregate Principal, Interest, and Bond Fund Charges falling due on All Bonds in any 12 month period.

"SPECIAL TAX COUNSEL" refers to a nationally recognized firm of tax counsel, including the firm of Haynes & Miller, 1156 Fifteenth Street N.W., Washington, D. C. 20005, which firm is rendering the separate legal opinion of Special Tax Counsel being relied upon entirely by Bond Counsel (a) to the effect that the Current Bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the Code, and (b) as to certain matters concerning the status of pending Federal tax legislation.

"TRUSTEE" or "TRUSTEE-REGISTRAR" refers to the Commerce National Bank (formerly known as the Second National Bank), Lexington, Kentucky, as more fully defined under "BOND REGISTRAR".

ARTICLE II - Authorization of Current Bonds, Series D (Second Series).

Section 2.01. Authorization of Current Bonds; Possible Adjustment in Total Amount of Bonds to be Issued.

Pursuant to the provisions of the Basic Resolution, and for the purpose of accomplishing the defeasing, refinancing, refunding, and redemption set out in the recitals hereof, which recitals are hereby adopted, consisting of defeasing the interest on and the principal of the Prior Bonds which becomes due on or prior to May 1, 1993 and of the refinancing, refunding, and redemption of the called Prior Bonds (the Prior Bonds scheduled to mature on and after May 1, 1994), there are hereby authorized to be presently issued and sold the University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986 (the "Current Bonds" or the "Bonds"), in the aggregate principal amount of Nine Million, Thirty Thousand Dollars (\$9,030,000), dated and bearing interest from October 1, 1986, which amount may be adjusted as herein provided.

The final size of the Bond issue will be calculated to provide the greatest economic advantage to the Board on the refunding project financed by the Bonds, and to achieve generally level annual debt service payments. The Original Purchasers of the Current Bonds will be required to accept the final Bond issue as so computed, whether the size of the Bond issue is increased or decreased, and to pay the same purchase price per \$1,000 of Bonds of the adjusted size of the Bond issue as the purchase price bid in such successful bid. It is expected, although no absolute assurance can be given, that the final size of the Bond issue will be closely modeled to the Schedule of Principal Amounts listed in the Official Bid Form and in the maturity schedule in Section 2.05 of this Current Bond Resolution, provided that, on a percentage basis, the adjustment required for the entire issue will be substantially equal to the adjustment made within each maturity.

The Current Bonds shall mature serially on May 1 of the respective years as set out below, and shall bear interest payable semiannually on the first days of May and November of each year, beginning May 1, 1987 (initial period representing seven months' interest), at an interest rate or rates to be fixed by supplemental Resolution of the Board as a result of the advertised sale of the Current Bonds.

Section 2.02. Purpose.

The Current Bonds are being issued for the purpose of defeasing, refinancing, advance refunding, and redeeming the outstanding Series D Bonds, in order to accomplish an interest cost savings to the University, as hereinafter specified.

Section 2.03. Date of the Current Bonds.

Except as set out in Section 2.06 hereof, the Current Bonds shall be dated October 1, 1986, and shall bear interest payable on May 1, 1987 and semi-annually thereafter on November 1 and May 1 of each year.

Section 2.04. Current Bonds to be Issued as Fully Registered Bonds.

The Current Bonds shall be issued only in fully registered form without coupons, in the denomination of \$5,000 or any authorized multiple thereof within a single maturity.

Section 2.05. Numbering and Maturities.

The Current Bonds shall be numbered consecutively from R-1 upward, or in such other manner as shall be determined by the Trustee-Registrar, and shall be scheduled to become due and payable on May 1 of the respective years, as follows:

<u>MATURITY DATE</u> <u>MAY 1</u>	<u>PRINCIPAL</u> <u>MATURITIES*</u>
1987	\$155,000
1988	195,000
1989	200,000
1990	210,000
1991	225,000
1992	235,000
1993	250,000
1994	270,000
1995	285,000
1996	300,000
1997	315,000
1998	335,000
1999	365,000
2000	395,000
2001	430,000
2002	460,000
2003	495,000
2004	545,000
2005	740,000
2006	810,000
2007	875,000
2008	940,000

Section 2.06. Interest Payment Dates.

Each initially issued Bond and each Bond issued prior to the first Interest Payment Date (May 1, 1987) on the Bonds shall be dated as of and shall bear interest from October 1, 1986, payable on May 1, 1987 and thereafter on November 1 and May 1 of each year to maturity or earlier redemption. Each Bond issued (as a result of exchange or transfer) on or after such first Interest Payment Date on the Current Bonds shall be dated as of and shall bear interest from the Interest Payment Date next preceding the date on which such Bond is issued, unless such Bond is issued on an Interest Payment Date, in which case it shall be dated as of and shall bear interest from such date of issue.

*Subject to change

Section 2.07. Registered Owners.

The person in whose name any Bond is registered on the Bond Register at the Regular Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond shall have been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date, except in the event of default.

Section 2.08. Payee Bank and Payment of Bonds.

The principal of (and premium, if any) and interest on the Current Bonds shall be payable in lawful money of the United States of America as same respectively become due, whether at maturity or by prior redemption. Principal of each Bond is payable upon surrender of same at the main office of the Trustee-Registrar. Interest on the Bonds shall be paid by check mailed by the Trustee-Registrar to the persons entitled thereto at the end of business on the Regular Record Date preceding each applicable Interest Payment Date, at the respective addresses appearing on the Bond Register.

So long as any Current Bonds remain outstanding, the Registrar shall keep at its principal office a Bond Register showing and recording a register of the owners of the Current Bonds and shall provide for the registration and transfer of Current Bonds in accordance with the terms of this Resolution, subject to such reasonable regulations as the Registrar may prescribe.

Section 2.09. Execution of Bonds; Authentication by Registrar;
Transferability; Temporary or Master Bond
(Typewritten).

The (printed) Current Bonds shall be executed on behalf of the Board with the reproduced facsimile signature of the Chairman of the Board, and the facsimile of the Corporate Seal of the Board shall be imprinted thereon and attested by the reproduced facsimile signature of the Secretary of the Board; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on said Bonds; provided the Authentication Certificate of Trustee-Registrar on each printed Bond must be executed by the manual signature of the Trustee-Registrar (not necessarily the same authorized officer of the Trustee-Registrar on each Bond) on each Bond before such Bond shall be valid, as set out in Section 2.13 below.

These Current Bonds may (but are not required to) be delivered initially in the form of a single, fully registered, typewritten "Master Bond" in the full principal amount of the entire bond issue, registered in the name of the Original Purchasers, in substantially the form attached to and made a part of this Current Bond Resolution as Exhibit A. Such Master Bond shall be convertible through the issuance of printed Bond Certificates to the persons designated by the respective Original Purchasers.

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Trustee-Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Trustee shall have the right to order the preparation or printing of additional

Bond Certificates which, in the sole discretion of the Trustee-Registrar, shall be necessary to maintain adequate reserves of such Bond Certificates to properly effect the continuing transfers of ownership of Bond Certificates. No further action regarding the authorization of additional Bond Certificates shall be required by the Board, and the expenses incidental thereto shall be borne by the Board as an additional annual requirement of the Current Bonds, the same as interest thereon.

At least five business days prior to the payment of the purchase price for the Bonds, which may also be the same time as the delivery of the Master Bond (the "Closing Date"), each of the Original Purchasers shall furnish to the Registrar the name, address, social security number or taxpayer identification number, principal amount, and maturities of each party to whom the Bonds shall have been resold and in whose name the respective Current Bonds are to be registered. The Trustee-Registrar shall then issue and deliver to each respective Purchaser, not more than three business days following the Closing Date (which may involve the delivery of the Master Bond to the Original Purchasers), fully registered printed Bond Certificates for each registered owner so designated, in substantially the same form as that set out in Section 2.14 hereof.

Pending the preparation of the definitive Bonds, the Board, through its Chairman and Secretary, may execute and, upon the Board's request, the Trustee-Registrar shall authenticate and deliver one or more temporary (or Master) Bond(s) which are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in fully registered form

without coupons, and with such appropriate insertions, omissions, substitutions, and other appropriate and necessary variations as the officers of the Board executing such temporary Bond(s) may determine, as evidenced by their signing such temporary Bond(s).

Until exchanged for Bonds in definitive form, such temporary and/or Master Bond(s) shall be entitled to the benefit and security of this Resolution. The Board shall, without unreasonable delay, prepare, execute, and deliver printed Bonds to the Purchasers and/or their designees, and thereupon, upon the presentation and surrender of the temporary or Master Bond(s), such printed Bonds shall be delivered to the Purchasers and/or their designees in exchange therefor. Such exchange shall be made without the making of any charge therefor to any owner of the Current Bonds.

All of the Current Bonds shall be exchangeable and transferable upon the presentation and surrender thereof at the office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner and/or his authorized representative, for a Bond or Bonds of the same maturity and interest rate and in the denomination of \$5,000 and/or a multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond and/or Bonds presented for exchange. The Trustee-Registrar shall be and is hereby authorized to (authenticate and) deliver the exchange Bond in accordance with the provisions of this Section. Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the Board and shall be entitled to the benefit and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

In the event of non-payment of interest or of one or more principal maturities on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment or for such maturity or maturities ("Special Record Date") will be established by the Trustee-Registrar if and when funds for the payment of such interest shall have been received from the Board. Notice of the Special Record Date and of the Special Payment Date of the Past Due Interest Date shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each owner of the Bonds, as shown on the Bond Register, of such maturity or maturities appearing on the books of the Trustee-Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Section 2.10. Provisions as to Prior Redemption.

(a) Redemption Prior to Maturity.

The Current Bonds maturing on and after May 1, 1997, shall be subject to redemption prior to maturity, at the option of the Board, on any Interest Payment Date on and after May 1, 1996, in whole or in part, and if in part, in inverse order of maturities (less than all of a single maturity to be selected by lot in such manner as the Trustee may reasonably determine), at the following redemption prices (expressed as a percentage of principal amount) plus accrued interest to the date of redemption, as follows:

<u>Redemption Dates, Inclusive</u>	<u>Redemption Price</u>
May 1, 1996 through November 1, 1998	103%
May 1, 1999 through November 1, 2002	102%
May 1, 2003, and thereafter to maturity	100%

(b) Redemption of Less Than All of a Single Bond.

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if the Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Trustee-Registrar shall (authenticate and) deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Notice of Redemption.

The Trustee-Registrar shall give notice of any redemption by sending at least one such notice by United States mail, first class, postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption to the registered owner of each Current Bond to be redeemed in whole or in part, at the address shown on the Bond Register as of the date of mailing of such notice. The Trustee-Registrar may furnish one other form of such notice more than 60 days prior to the date fixed for redemption, provided at least one such notice shall be sent not less than 30 nor more than 60 days prior to such date. Such notice shall state the redemption date, the Redemption Price, the accrued interest payable on the redemption date, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Bonds outstanding are to be redeemed, an identification of the Bonds or portion thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Prior to each redemption date, the Trustee-Registrar shall make provision, to the extent funds are then available

therefor, for the payment of the Redemption Price of the Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such Redemption Price. Upon presentation and surrender of any such Bond at the main corporate trust office of the Trustee-Registrar on or after the date fixed for redemption, the Trustee-Registrar shall pay the Redemption Price on such Bond (including accrued interest) from the funds set aside for such purpose.

All of said Bonds as to which the Board reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The required notice shall be deemed to have been given upon the Board furnishing Notice of Redemption to the Trustee-Registrar and upon the Trustee-Registrar acknowledging that it has instructions to send such notice and that it will do so at the proper time, even if the time for furnishing such notice has not yet arrived.

Section 2.11. Designation of Trustee (Bond Registrar, Transfer Agent, and Payee Bank).

For the purpose of securing the payment of both the principal of and interest on all of the Current Bonds, and to secure for the benefit of all the owners thereof the faithful performance of the covenants and provisions contained in the Resolution in the manner and to the extent permitted and provided in this Current Bond Resolution and in Sections 162.340, et seq., 164.595, and 58.010 through 58.140 of the Kentucky Revised Statutes, Commerce National Bank, in the City of Lexington, Kentucky, is hereby designated as Trustee, Bond Registrar, Transfer Agent, and Payee Bank under the Basic Resolution and the Current Bond Resolution for the owners of all of said Current Bonds, with the

powers and duties set forth in the Basic Resolution and in this Current Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Current Resolution except for its own negligence or willful breach of trust; provided that it is noted that as to the Series E Bonds, Liberty National Bank and Trust Company, Louisville, Kentucky, was designated as Bond Registrar, Payee Bank, and Transfer Agent. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Current Bonds, shall conclusively establish the acceptance by the Trustee-Registrar of the trusts and provisions with respect thereto as set forth in the Resolution. Acceptance of the duties of Trustee-Registrar shall also be evidenced by the execution of the appropriate form of Acceptance immediately following the end of this Current Bond Resolution.

Section 2.12. Security for Current Bonds; Statutory Mortgage Lien; Revenue Pledge.

For the protection of the holders and owners of the Bonds secured by the Basic Resolution and this Current Resolution, a statutory mortgage lien upon the Project and properties connected therewith and belonging thereto, on a parity with All Bonds, is granted and created by and pursuant to 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 and all of the Current Bonds, except that (a) said lien is subject to the prior pledge of revenues of one Community College made prior to such College being made a part of the Community Colleges Project, and (b) such lien does not apply to Community Colleges educational buildings and appurtenances which may be leased rather than owned by the University.

All of the Current Bonds are payable only from the Gross Revenues derived from the operation of the Project, subject to the same exceptions as are applicable to said statutory mortgage lien, and the Current Bonds shall not and do not constitute an 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.

Section 2.13. Authentication of Bonds.

The Current Bonds, whether in single typewritten temporary form or in the form of a temporary Master Bond, or as printed bonds, shall be delivered to the Trustee-Registrar. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until such Bond has been duly authenticated by the Trustee-Registrar by the execution of the Authentication Certificate of Trustee-Registrar appearing on such Bond. Such Certificate appearing on any Bond shall be deemed to have been duly executed by the Trustee-Registrar if manually signed by an authorized officer of the Trustee-Registrar. It shall not be required that the same officer of the Trustee-Registrar sign such Certificate on all of the Current Bonds.

Section 2.14. Form of Bonds.

The aforesaid authorized issue of Current Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES D (SECOND SERIES)

NUMBER R- _____

PRINCIPAL AMOUNT:
(DOLLARS)

DATE OF ORIGINAL ISSUE: October 1, 1986 INTEREST RATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to the REGISTERED OWNER, identified above, or his or its registered assigns, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the PRINCIPAL AMOUNT set out above on the MATURITY DATE specified above and to pay interest on said sum at the INTEREST RATE specified above, commencing on May 1, 1987, and semiannually thereafter on November 1 and May 1 of each year until this Bond shall be paid, unless redeemed (prepaid) prior thereto as hereinafter provided. The principal of and premium, if any, on this Bond are payable in lawful money of the United States America at the main office of the Commerce National Bank, Lexington, Kentucky (the "Trustee", "Bond Registrar", and "Payee Bank"). All interest on this Bond shall be payable by check or draft mailed by the Trustee-Registrar to the registered owner hereof at the address shown on the registration books kept by the Trustee.

This Bond is part of an authorized issue of \$_____ principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "Current Bonds", the "Bonds", or "these Bonds"), authorized to be issued by the Board pursuant to proceedings of the Board, for the purpose of defeasing and advance refunding the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982, (the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all principal and interest requirements of all of the Prior Bonds other than those Prior Bonds scheduled to be redeemed in advance of maturity; and (2) to redeem on the designated redemption date, through payment of principal, redemption premium, and interest, all of the Prior Bonds scheduled to be redeemed in advance of maturity, as more fully set forth and identified in the Resolution of the Board authorizing these Bonds (the "Current Bond Resolution"), under and in full compliance with the Constitution and Statutes of Kentucky, including Sections 162.340 to 162.380, 164.595, and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect, and under and pursuant to the Resolution adopted by the Board on May 6, 1969, as supplemented by a Resolution adopted on May 25, 1970 (hereinafter collectively referred to as the "Basic Resolution" or the "Resolution"), and as supplemented by subsequent resolutions identified as the Series A, B, C, D, and E Resolutions.

The Prior Bonds were issued pursuant to said Statutes for the purpose of financing the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the Series D Project), upon properties of the University in Maysville, Louisville,

Elizabethtown, and Cumberland, Kentucky, the buildings of which Series D Project have been completed and now constitute part of the Community Colleges Educational Buildings Project of the University (hereinafter referred to as the "Project"). Copies of the Basic Resolution, the Series D Resolution, and the Current Bond Resolution are on file at the office of the Trustee. Reference is hereby made to said various resolutions pursuant to which (a) the Commerce National Bank, in the City of Lexington, Kentucky, has been designated as Trustee, and now as Bond Registrar, Payee Bank, and Transfer Agent, respectively for the holders and owners of the various bonds against the Project, including the Current Bonds, except that as to the Series E Bonds, a different bank was designated as Bond Registrar, Payee Bank, and Transfer Agent; (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Current Bonds; (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Current Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Trustee-Registrar, but only in the manner, subject to the limitations provided in the Current Bond Resolution, and upon surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being effected, a new fully registered Bond or Bonds of the same series and the same maturity, of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefor.

The Board and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon, and interest due hereon, and for all other purposes, and neither the Board nor the Trustee-Registrar shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Current Bond Resolution, or to institute action to enforce the covenants therein, to take any action with respect to any default under such Resolutions or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in such Resolutions. The Basic Resolution provides for fixing, charging, and collecting fees for the services of the Project, which fees will be sufficient to pay the principal of and interest on all of the outstanding Series A, B, C, D, and E Bonds, the Current Bonds, and any additional parity Bonds (collectively "the Bonds", excluding the Series D Bonds which have been defeased through the escrow of proceeds of these Current Bonds [supplemented by other funds]), as the same become due, to provide a reserve for such purpose, and also to pay the cost of operation and maintenance of the Project to the extent that same are not otherwise provided. The Basic Resolution provides for the creation of a special account designated "Community Colleges Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund") and for the deposit to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project sufficient to pay interest on All Bonds as the same become due, to pay or retire the principal of All Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The Current Bonds maturing on or after May 1, 1997, are redeemable at the option of the University on or after May 1, 1996, in whole or in part, and if in part, in inverse order of maturities (less than all of a single maturity to be selected by lot in such manner as the Trustee may reasonably determine), at redemption prices expressed in percentages of the principal amount with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed</u>	<u>Redemption Price</u>
From May 1, 1996 through November 1, 1998	103%
From May 1, 1999 through November 1, 2002	102%
From May 1, 2003, and thereafter to maturity	100%

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Trustee-Registrar, in accordance with the Current Bond Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

The Trustee-Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than 30 and nor more than 60 days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the Bond Register as of the date of mailing of such notice.

The Board covenants that it will invest the net proceeds of these Current Bonds, together with any other funds made available for the same purpose, and will account for and apply the principal and interest earned thereon

to the payment of the principal of and interest on the Series D Bonds as are scheduled to be defeased and redeemed in advance of maturity, according to their terms, thereby defeasing (terminating) the pledge of the revenues of the Project securing the Series D Bonds, in accordance with arrangements heretofore made by the Board, and that the Board will fix and charge such rates and will account for the income and revenues from the Project, sufficient, in the aggregate, to pay promptly the interest on and principal of all Bonds, including the Current Bonds, as and when such interest and principal become due and payable, from the Bond Fund, and to pay the costs of operation, maintenance, and insurance of the Project.

A statutory mortgage lien, which is hereby recognized as valid and binding on the Project and properties connected therewith and belonging thereto, on a parity with all Bonds, is created and granted to and in favor of the owner(s) of these Current Bonds, pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien shall take effect immediately upon the delivery of any and all of the Current Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on all Bonds, including the Current Bonds, except that (a) said lien is subject to the prior pledge of revenues of one Community College made prior to such College being made a part of the Community Colleges Project, and (b) such lien does not apply to Community Colleges educational buildings and appurtenances which may be leased rather than owned by the University.

All Bonds as may be outstanding from time to time are payable only from a fixed amount of the gross Revenues derived from the operation of the Project subject to the same exceptions as are applicable to said statutory

mortgage lien, which necessary fixed amount will be annually set aside into the Bond Fund, and this Bond does not constitute and indebtedness of the University of Kentucky or its Board or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Current Bond Resolution, until it shall have been authenticated by the execution by the Trustee-Registrar of the Authentication Certificate of Trustee-Registrar hereon endorsed.

This Bond is exempt from taxation (except inheritance taxes) by the Commonwealth of Kentucky and all of its political subdivisions.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond, together with all other obligations of the Board and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into the Bond Fund (created in the Basic Resolution) for the payment of the principal of and interest on this Bond and all Bonds which by their terms and the terms of the Basic and Current Resolutions are payable from the Bond Fund as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed in its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of the first day of October 1986; provided, however, that this Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Current Bond Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

Attest: By (Facsimile Signature)
Chairman, Board of Trustees

(Facsimile Signature)
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Current Bond Resolution authorizing same.

COMMERCE NATIONAL BANK
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____
the within Bond and hereby irrevocably constitutes and appoints _____

attorney to transfer said Bond on the books kept for registration and transfer
of this Bond, with full power of substitution in the premises.

Dated: _____

Registered Owner (Signature must
correspond with name or Registered Owner)

Signature Guaranteed:

Social Security or other identifying
number of Assignee: _____

Notice: Signature(s) must be
guaranteed by a member firm of the
New York Stock Exchange, Inc., or
a commercial bank or trust company

ARTICLE III - Public Sale of Current Bonds; Application of Proceeds; Escrow Fund; Defeasance, Payment and Redemption of All of the Series D Bonds; Compliance with Parity Requirements.

Section 3.01. Advertisement of Current Bonds for Sale.

The Current Bonds have been offered publicly for sale upon the basis of sealed, competitive bids pursuant to the authority given the Treasurer by the Board by its Resolution adopted on June 25, 1986.

By such Resolution the Treasurer of the Board was authorized and directed to cause an appropriate form or forms of a Notice of Sale of Bonds to be published in THE COURIER-JOURNAL, a legal newspaper published in the City of Louisville, Kentucky, which would afford state-wide notice of the sale, and in THE DAILY BOND BUYER, a financial journal published in the City of New York, New York, which was a publication having general circulation among bond buyers; and said newspaper and financial journal are hereby declared to be qualified to publish such notice for the Board within the meaning and provisions of KRS Chapter 424. Such notice has been published in said newspaper and financial journal at least once not less than seven days nor more than twenty-one days prior to the scheduled date of sale of the Current Bonds, and such action is hereby authorized, ratified, and confirmed.

Such form of Notice of Sale of Bonds, the form of Official Terms and Conditions of Sale of Bonds, and the form of Official Bid Form prepared by Bond Counsel, in cooperation with the Fiscal Agent, and the Preliminary Official Statement having been and being used in connection with the sale of the Current Bonds, having been examined by this Board, same are hereby approved for such purposes, and a copy of each is hereby ordered to be attached to this Resolution and to the minutes of the meeting at which this Resolution is

adopted. The Preliminary Official Statement having been prepared by the Board's Fiscal Agent on behalf of the Board in conjunction with the sale, containing all pertinent information in regard to the Current Bonds, and in regard to the University, and which Preliminary Official Statement is to be supplied to prospective bidders for the purchase of the Current Bonds, and said Preliminary Official Statement having been reviewed and considered by the Board, same is hereby authorized, ratified, and approved, and the Chairman and the Treasurer are hereby authorized to sign said Preliminary Official Statement on behalf of the Board to evidence such approval. Copies of said documents (Notice, Official Terms, Bid Form, and Preliminary Official Statement) have been furnished to a list of known interested bidders and to any interested parties who may have requested same.

Bidders have been advised that Dupree & Company, Inc., Lexington, Kentucky, has been employed as Fiscal Agent in connection with the issuance of these Current Bonds, that their fee for services rendered with respect to the sale of the Current Bonds is contingent upon the issuance and delivery of the Current Bonds, and that they might submit a bid for the purchase of the Current Bonds at the time of the advertised public sale of the Current Bonds, either individually or as the member of a syndicate organized to submit a bid for the purchase of the Current Bonds.

Section 3.02. Acceptance of Bid for Larger or Lesser Amount of Bonds.

The Board may accept the successful bid on the basis of awarding to the successful bidder an amount more or less than the \$9,030,000 of Bonds herein authorized, if it appears that otherwise there would be an underissuance

or overissuance of the amount of the Current Bonds needed to accomplish the purpose of the proposed refinancing, refunding, and redemption. The purchase price of such adjusted amount shall be the same price per \$1,000 of Bonds as the price bid by the successful bidder for the purchase of the advertised amount of the Current Bonds.

Section 3.03. Determination that Advance Refunding of the Series D Bonds is to the Best Advantage and in the Public Interest of the Board and of the University.

It is hereby determined that the Current Bonds shall be issued for the purpose of advance refunding the Series D Bonds through the escrow of the proceeds of the Current Bonds (and other funds) for the purpose of providing for the payment of the principal of and interest on the Series D Bonds as same mature and as same are redeemed in accordance with the provisions hereof.

It is hereby determined that in the refunding, refinancing, and provision for redemption of the Prior Bonds, as set out in the ensuing Section of this Resolution, it is in the best interest of the Board and the University that same be accomplished to the best advantage and in the public interest by the issuance of the Current Bonds in a larger principal amount than the principal amount of the outstanding Series D Bonds, at a rate or rates of interest lower than the rates now applicable to the Prior Bonds, and through the payment of a redemption premium of three percent on May 1, 1993 with respect to the Series D Bonds scheduled to mature on May 1, 1994 and thereafter, and through the payment of the interest as same becomes due until and including the redemption date, on all of such Series D Bonds being redeemed prior to maturity, and through the paying of the principal of and the interest on the Prior Bonds maturing on and before May 1, 1993 as same become due, subject to adjustment as to date, and maturities to be redeemed, in order that

the maturity schedule may be restructured for the benefit for the Board and the University and in order to effect substantial interest savings through the anticipated lower interest rates and the restructuring of the maturities.

Also, it is acknowledged that the Internal Revenue Code of 1954, as amended, and the applicable arbitrage regulations thereunder require that the proceeds of the Current Bonds be invested at a yield no greater than the actuarial yield applicable to the Current Bonds.

Section 3.04. Compliance With Parity Requirements of Resolution.

In accordance with the requirements of Section 7.10 of the Resolution (as amended), it is hereby certified, covenanted, and declared:

(a) That at the present time, and at the time of issuance of the Current Bonds, there is and will be no deficiency in amounts required by the Basic Resolution or any Series Resolution to be paid into the Bond Fund;

(b) That prior to the issuance of the Current Bonds, there will have been procured and filed with the Trustee a statement by the Treasurer of the Board to the effect that the average of the annual Revenues from the Project for the two Fiscal Years immediately preceding the issuance of the Current Bonds, 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 outstanding Bonds (excluding the "Series D Bonds" which will have been defeased by the issuance of the Current Bonds) and the Current Bonds proposed to be issued. For the purposes of such computation, such certification of the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increases or decreases in the pledged Revenues (the student registration fees) which at that time shall have been determined by the Board and made effective for future services of the Project; and such certification shall also state that the issuance of the Current Bonds shall not reduce the above-prescribed "coverage" "to less than 1.25 times the maximum Principal, Interest and Bond Fund Charges", as provided in said Section 7.10.

Accordingly, based on the foregoing compliance with the requirements of the Basic Resolution, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with the outstanding Series A, B, C, and

E Bonds (the Series D Bonds having been defeased), on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings, subject only to the exception referred to in Section 2.12 of this Current Bond Resolution.

Section 3.05. The Revenue Fund; Transfers to Provide for Requirements of Current Bonds; Possible Adjustment.

(1) From and after the issuance and delivery of the Current Bonds, the Treasurer, conforming to the provisions of Section 4.05(2) of the Basic Resolution, shall transfer from the Revenue Fund and deposit to the credit of the Bond Fund from time to time such sums as are required to pay (a) interest falling due on each November 1 with respect to the Current Bonds, and (b) interest and principal, if any, falling due on each May 1 with respect to the Current Bonds; and such transfers and deposits into the Bond Fund shall be in addition to the transfers and deposits made from time to time for payment of the interest on and principal of the Bonds of Series A, B, C, and E.

Since it is contemplated that a portion of the currently available funds in the Bond Fund (especially that portion allocated to deposits made into said Bond Fund representing accrued interest on the outstanding Series D Bonds for the period from October 1, 1986 to the date of delivery of the Current Bonds) may be transferred to and deposited in the Escrow Fund to supplement part of the proceeds of the Current Bonds to assure that sufficient funds will be deposited into the Escrow Fund to accomplish the purposes thereof, the Board hereby covenants and agrees that if and to the extent that the Bond Fund may or shall be reduced below the amount currently required to be on deposit therein, the Board shall, prior to the delivery of the Current Bonds, deposit (from the

proceeds of the Current Bonds and/or from other available funds) into the Bond Fund sufficient amounts to assure the restoration into the Bond Fund of the amount required to be on deposit therein at that time.

(2) Conforming to the requirements of Section 4.05(2) of the Basic Resolution, if, whenever, and so long as the amount on deposit in the Debt Service Reserve (as part of the Bond Fund) shall be less than the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve (as defined herein), with respect to all outstanding Bonds for any future year ending May 1, the Treasurer shall transfer from the first available funds in the Revenue Fund and deposit in the Bond Fund, whatever additional amounts over and above all deposits otherwise required to be made into the Bond Fund, as set out in the foregoing paragraph (1) of this Section, shall be required in order to restore and maintain the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve in the Debt Service Reserve portion of the Bond Fund.

(3) It is further determined by the Board that in calculating the amount of the required annual payments to be made by the Board into the Bond Fund to meet the principal and interest requirements of all outstanding Bonds, the Board shall (whenever and so long as the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve has been accumulated and is being maintained), take credit for the investment income derived from the investment of funds in the Bond Fund, including funds in the Debt Service Reserve; provided, further, however, that the Board, in compliance with the arbitrage requirements of the Internal Revenue Code, represents that amounts on deposit in the Bond Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and interest on the outstanding

Bonds; and the Bond Fund will annually be depleted through such application, for current debt service requirements of the outstanding Bonds, except for an amount equal to not more than the greater of (a) one-twelfth (1/12) of the debt service requirements of the outstanding Bonds for the then ensuing year, or (b) one year's earnings on the Bond Fund.

Section 3.06. Adjustments in the Debt Service Reserve.

It is hereby determined that it is necessary (a) in order to comply with the parity requirements of the Basic Resolution, and (b) for the marketability of the Current Bonds, that the Debt Service Reserve shall continue to be accumulated and maintained in an amount equal to the "maximum Aggregate Principal, Interest and Bond Fund Charges" (as defined in the Basic Resolution) with respect to all Outstanding Bonds for any future year ending May 1 ("Required Debt Service Reserve").

Since it is contemplated that a portion of the currently available funds in the existing Debt Service Reserve Fund may be transferred to and deposited in the Escrow Fund to supplement part of the proceeds of the Current Bonds to assure that sufficient funds will be deposited into the Escrow Fund to accomplish the purposes thereof, viz., to provide for the payment of the principal, interest, and redemption premium requirements of the Prior Bonds, the Board hereby covenants and agrees that to the extent that the Debt Service Reserve may or shall be reduced below the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve, the Board shall, prior to the delivery of the Current Bonds, deposit (from the proceeds of the Current Bonds and/or from other available funds) into the Debt Service Reserve Fund sufficient amounts to assure the restoration of the Debt Service Reserve to a total amount equal to not less than the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve, whichever is lesser.

The Debt Service Reserve shall not (except where the amount on deposit therein shall exceed the Required Debt Service Reserve) be used for any purpose except to make the payments required to be made from the Bond Fund when there are insufficient funds available in the Bond Fund for such purposes.

Section 3.07. Disposition of Proceeds of Current Bonds; Escrow Fund; Investment Provisions; Arbitrage Limitations.

Upon the sale and delivery of the Current Bonds, upon receipt by the Board of the purchase price thereof, it is hereby acknowledged and ordered that:

(a) Deposit of Required Amount into Escrow Fund; Approval of Escrow Agreement.

There shall be deposited from the proceeds from the sale of the Current Bonds, and from any other available source, in a certain special Escrow Fund and Account hereby created and established, to be deposited with the Escrow Bank, which Escrow Fund shall be designated as and shall be known as the "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D Escrow Fund of 1986" (the "Escrow Fund"), an amount sufficient (1) to pay all principal and interest requirements of the Prior Bonds as same become due; and (2) to redeem on the designated redemption date, all of the Prior Bonds scheduled to be redeemed on such date. It is initially contemplated that the Series D Bonds maturing May 1, 1994 and thereafter will be called for prior redemption on May 1, 1993; provided that at the time of the sale of the Current Bonds, such dates may be adjusted in the resolution accepting the successful bid for the purchase of the Current Bonds, to whatever extent deemed advisable by the Board to achieve the maximum savings to the Board.

The necessary amount shall be deposited in such fund on deposit with the Escrow Bank pursuant to a certain Escrow Agreement between the Board and the Escrow Bank, which Agreement is hereby authorized to be executed by the Chairman of the Board following the acceptance by the Board of the successful bid for the purchase of the Current Bonds; provided, however, that simultaneously with the delivery of the Current Bonds, the Board shall obtain a commitment for the investment of the amount to be deposited therein, in permitted Investments, as defined herein, which aggregate investments shall be sufficient to accomplish the purposes hereof, based on corroborating certification of Special Tax Counsel, and which permitted Investments shall be scheduled to mature at such times and in such amounts as shall be necessary, together with any uninvested cash, to meet the requirements of the Prior Bonds, including the applicable redemption premiums.

The Chairman and/or the Treasurer of the Board are hereby authorized to act on behalf of the Board in obtaining the appropriate commitment or commitments directly or through the designee of either of them, for the purchase of, or subscriptions for purchase of, the permitted Investments necessary to accomplish the foregoing purpose.

If and to the extent that the amount on deposit in the Escrow Fund shall be inadequate to accomplish the necessary purpose, the Board shall transfer or caused to be transferred sufficient funds from existing available funds of the Board (including, if necessary, amounts on deposit in the existing Bond Fund and/or Debt Service Reserve), to accomplish the purpose specified herein.

If and to the extent that the amount on deposit in the Escrow Fund shall be in excess of the amount required, such amount shall be immediately transferred to the Debt Service Reserve; provided, further, that after the

final redemption date of the Prior Bonds, any amount in excess of the amount required for that purpose, including requirements for the retirement and/or redemption of the Prior Bonds and/or coupons (1) matured and/or called but not yet presented for payment, and/or (2) uncashed checks with respect thereto, shall be transferred immediately to the Bond Fund and treated the same as all other amounts deposited therein.

The Board certifies (a) that the purpose of providing for the possible increase or reduction in the amount of the Current Bonds to be sold is to eliminate or reduce the possibility of there being an over-issuance or under-issuance of the amount of Current Bonds necessary to accomplish the required objective, and (b) that there will not be an over-issuance or under-issuance of the amount of Current Bonds necessary to accomplish such objective, based on the result of the sale of the Current Bonds, the determination at that time of the amount of Current Bonds to be issued, and known facts and reasonable expectations at the present time and at such time of the sale.

(b) Escrow Fund to be Earmarked, Pledged, and Held in Trust to Meet Requirements of the Series D Bonds.

Amounts on deposit in the Escrow Fund shall be earmarked, pledged, and held in trust for credit to the account of the Escrow Fund created in the Escrow Agreement and shall be applied in accordance therewith. Such amounts on deposit in the Escrow Fund shall be earmarked and held for the purpose of meeting the principal, interest, and redemption premium requirements of the Prior Bonds as same mature or shall be called for redemption; and, to the extent necessary, investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the owners of the Prior Bonds (and coupons) scheduled for payment or redemption on the designated dates.

Upon such deposit of the total required amount being made into the Escrow Fund, all of the outstanding Prior Bonds and all coupons appurtenant thereto shall be deemed to have been paid and the Series D Bond Resolution shall have been deemed to be partially discharged, to the extent of the Prior Bonds (and appurtenant coupons), which will have been defeased, within the meaning and with the effect expressed in the Basic Resolution, and the Escrow Agent shall be and is hereby instructed, according to the provisions of the Escrow Agreement, to publish and send the appropriate notices of redemption in accordance with the redemption provisions of the Prior Bond Resolution, stating that the cash and/or permitted Investments as provided above are held in the Escrow Fund, that the outstanding called Prior Bonds and the coupons appurtenant thereto are deemed to have been paid in accordance with the Basic Resolution, and stating the maturity date and optional redemption date of the Prior Bonds upon which the permitted Investments and funds so held are or will become available for the payment of the amounts due.

All amounts held in the Escrow Fund pursuant to the Escrow Agreement shall be held in trust for, and shall be disbursed only for the purpose of, the payment of the principal of, interest on, and premium, on the Prior Bonds as and when the same mature or are called for prior redemption, subject to the provisions set out above as to the application of surplus funds in the Escrow Fund.

(c) Deposit of Collected Accrued Interest Into Bond Fund.

Unless, except, and to the possible extent needed to assure the full funding of the Escrow Fund to assure the accomplishment of the purposes of the Escrow Fund, the amount received as that portion of the purchase price of the

Current Bonds representing collected accrued interest from the date of the Current Bonds (October 1, 1986) to the date of delivery thereof, shall be deposited into the Bond Fund.

(d) Fees of Trustee, Payee Bank, and Escrow Bank.

All fees of the Trustee, Payee Bank(s), Registrar, and Transfer Agent in connection with the called Prior Bonds, and all fees of the Escrow Bank in connection with the Escrow Agreement will be paid directly by the Board, the same as if same were additional debt service requirements of the called Prior Bonds, and will not be funded in the Escrow Fund.

(e) Cost of Issuance Account.

From the aggregate proceeds of the sale of the Bonds, an amount of not less than \$35,000 shall be deposited in an account on deposit with the Trustee, which account is hereby created to be known as the "University of Kentucky Community Colleges Series D Refunding Bonds Cost of Issuance Account", to be held and disbursed upon written authorization of the Board. The Trustee shall apply funds in such account for the purpose of meeting issuance expenses, including printing, fiscal agent fee, legal fees and expenses, costs of audits and verifications, rating agency fees, and other necessary costs (to the extent not payable by the Fiscal Agent) of preparing, issuing, advertising, and selling the Bonds. After payment in full of such issuance expenses, based upon the certification of the Board, through its Treasurer, all amounts remaining in such Account shall be transferred to and deposited in the Bond Fund and applied toward the payment of interest requirements on the Bonds on May 1, 1987.

Section 3.08. Authorization to Subscribe for Government Securities and/or to Purchase Other Permitted Investments.

Authority is hereby given by the Board to Mr. David L. Miller, Mr. C. Willis Ritter, and/or Ms. Diane Hill of Haynes & Miller, Suite 401, 1156

Fifteenth Street N.W., Washington, D. C. 20005, Mr. Franklin P. Hays of Rubin & Hays, Suite 300, 209 South Fifth Street, Louisville, Kentucky 40202, Mr. Fred Dupree, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, and to any one of them, to act on behalf of the Board in signing upon the behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes, or Bonds - State and Local Government Series, and/or for the purchase of other permitted Investments, to be issued to the Commerce National Bank, Lexington, Kentucky, as Escrow Agent, in connection with the application of the proceeds of the Current Bonds (supplemented by other funds). The Chairman, the Secretary, and/or the Treasurer of the Board is authorized to sign and send a letter to the Securities Division, Federal Reserve Bank, Louisville, Kentucky, or any branch of the Federal Reserve Bank, and/or FDIC Banks, certifying as to the authority of such individuals.

Section 3.09. Called Prior Bonds Will Have Been Fully Provided for Through the Escrow Fund.

Provision having thus been made for all of the requirements of the Prior Bonds through the orderly payment, redemption, and retirement of the Prior Bonds as set out herein through escrow of the net proceeds of the Current Bonds and other funds, it is hereby recognized and acknowledged that as of the date of delivery of the Current Bonds, provision will have been made for the performance of all covenants and agreements of the Board incident to the issuance of the Prior Bonds, and that accordingly, and in compliance with all that has heretofore provided, the Board will have no further obligation with reference to the Prior Bonds, except to assure that the Prior Bonds are paid from the funds so escrowed in accordance with the provisions of such escrow arrangement.

Section 3.10. Federal Limitations on Investment of Funds.

The Board covenants and certifies, in compliance with federal arbitrage regulations, on the basis of known facts and circumstances in existence and reasonable expectations on the date of adoption of this Current Bond Resolution, that it is not expected that the proceeds of the Current Bonds or the revenues of the Project will be used in a manner which would cause such Current Bonds to be "arbitrage bonds", within the meaning of Section 103(c) of the Code and the applicable regulations. The Board covenants to the Purchasers and/or owners of the Current Bonds that (1) the Board will make no use of the proceeds of the Current Bonds, or the revenues of the Project, which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds", and (2) that the Board will comply with (a) all of the requirements of Section 103(c) of the Code, and (b) all of the requirements of applicable Income Tax Regulations thereunder, to whatever extent is necessary to assure that the Current Bonds shall not be treated as "arbitrage bonds".

The Board acknowledges that Section 103(c) (2) of the Code and the applicable regulations thereunder require that the portion of the Current Bonds deposited in the Escrow Fund be invested at a yield no greater than the actuarial yield applicable to the Current Bonds.

The Board reserves the right to make any investment permitted by State Law if, whenever, and to the extent that Section 103(c) of the Code or regulations promulgated thereunder shall be repealed, amended, or relaxed, or shall be held void by a final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, amendment, or decision would not, in the opinion of recognized Bond Counsel or Special Tax Counsel, result in making the interest on the Current Bonds subject to federal income taxation.

Prior to or at the time of delivery of the Current Bonds, the Chairman and the Treasurer of the Board are hereby jointly and severally designated and charged by the Board and University with responsibility for issuing the Current Bonds and are hereby designated as the officers of the Board and the University to execute (by any one of them) the certification required by Section 1.103-13(a)(2)(ii) and any other provisions of the Treasury Regulations, and such certification shall set forth such facts, expectations, and circumstances, and shall state that to the best of his knowledge and belief there are no other facts, expectations, or circumstances that would materially change such expectation that the proceeds of the Current Bonds will not be used in a manner that would cause same to be "arbitrage bonds". If, under any valid provision of law hereafter enacted, the interest paid by the Board on the Current Bonds should be excludable from the gross income of a recipient thereof for federal income tax purposes without regard to compliance with the provisions of Section 103(c) of the Code, then the University shall not be required to comply with such provisions of the Code.

ARTICLE IV - Miscellaneous Concluding Provisions.

Section 4.01. All Provisions of Basic Resolution, Supplemental Resolution, and Various Series Resolutions are Hereby Readopted, Ratified, and Confirmed.

The Board hereby readopts, ratifies and confirms all previous Resolutions relating to the Project, including the Basic Resolution adopted on May 6, 1969, the Supplemental (clarifying) Resolution adopted on May 25, 1970, and each of the various Series Resolutions, A, B, C, D, and E, except that it is acknowledged that the provisions of the Series D Resolution as to the Series D Bonds will be deemed to have been defeased simultaneously with the issuance of the Current Bonds.

Section 4.02. Appointment of Trustee to Serve as Registrar, Transfer Agent, and Payee Bank as to Current Bonds; Appointment of Trustee to Serve Also as Escrow Agent; Additional Duties.

Commerce National Bank, Lexington, Kentucky, the Trustee in all previous Series Resolutions, is hereby designated to serve also as Bond Registrar, Transfer Agent, and Payee Bank with respect to the Series D Bonds (Second Series), and is also hereby designated to serve as Escrow Agent under the Escrow Agreement approved in Section 3.05(a) hereof. The respective duties of such Bank in such capacities are as follows:

(a) Duties as Bond Registrar and Transfer Agent.

The duties of the Bond Registrar (and Transfer Agent) shall be as follows:

(1) To authenticate the Temporary Bond or Bonds or Master Bond or Bonds, if any, authorized herein;

(2) To register all of the Bonds (including those issued in exchange for any Temporary Bond or Master Bond, if any) in the names of the respective owners thereof in accordance with Section 103(j) of the Internal Revenue Code;

(3) Upon being supplied with a properly authenticated assignment satisfactory to the Bond Registrar (in the sole discretion of such Bond Registrar), to transfer the ownership of Bonds from one registered Bondowner to another within three (3) business days of the receipt of such proper assignment by the Bond Registrar; and

(4) To cancel and destroy (or remit to the Board for destruction, if so requested by the Board) all exchanged, matured, retired, and redeemed Bonds, and to maintain adequate records relevant thereto.

(b) Duties as Payee Bank.

Its duties as Payee Bank shall be as follows:

(1) To maintain the Bond Fund and to invest the funds contained therein in accordance with the provisions of this Resolution;

(2) To remit, but only to the extent that all required funds are made available to the Payee Bank by the Board, semiannual interest payments directly to the registered owner of each Bond by regular United States mail. Said interest payments shall be deposited in the United States mail no later than each Interest Payment Date. Matured or redeemed Bonds shall be payable upon presentation to the Payee Bank. For interest payment purposes, the Payee Bank shall be entitled to rely on its records as Bond Registrar as to the ownership of each Bond as of the 15th day of the month preceding an Interest Payment Date, and the Payee Bank's check shall be drawn and mailed accordingly;

(3) To supply the Board with a written accounting evidencing the payment of interest on and principal of the Bonds within 30 days following each respective due date; and

(4) To notify each registered Bondowner of any defeasement action taken under Section 4.08 and/or 6.04 of the Basic Resolution.

The Registrar/Payee Bank shall be entitled to the advice of Counsel

— and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Registrar/Payee Bank shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Resolution, or the responsibility for the consequences of any oversight or error of judgment.

The Registrar/Payee Bank may at any time resign from its duties set forth in this Resolution by filing its resignation with the Board, and notifying the original purchaser or purchasers of the Bonds. Thereupon, the Board shall designate a successor Registrar/Payee Bank which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Registrar/Payee Bank, provision shall be made for the orderly transition of the books, records, and accounts relating to the Bonds to the successor Registrar/Payee Bank in order that there will be no delinquencies in the payment of interest or principal due on the bonds.

The Registrar/Payee Bank shall indicate its acceptance of its duties as Registrar, Transfer Agent, and Payee Bank by signing the Acceptance Certification at the conclusion of this Resolution.

(c) Duties of Depository Bank.

Its duties as Depository Bank are to serve as the depository bank of the Bond Fund and all other Funds created and/or reaffirmed herein, other than the Escrow Fund.

(d) Appointment and Duties of Escrow Agent.

Commerce National Bank, Lexington, Kentucky, is hereby appointed the Escrow Agent, and its duties will be to perform all duties of the Escrow Agent specified herein and in the separate Escrow Agreement between the Board and the Escrow Bank with respect to the Called Prior Bonds.

(e) General Provisions as to Registrar, Transfer Agent, Payee Bank, Depository Bank, and Escrow Bank.

The Registrar, Transfer Agent, Payee Bank, Depository Bank, and Escrow Bank (collectively the "Bank"), shall each be entitled to the advice of

Counsel and shall be protected for any acts taken by the Bank in good faith and believed by it to be within its discretion or the power conferred upon it by this Resolution or the responsibility for the consequences of an oversight or error in judgment.

Any Bank may at any time resign from its capacities and duties set forth in this Resolution as to the foregoing by filing its resignation with the Board and notifying the original purchaser or purchasers of the Bonds. Thereupon, the Board shall designate a successor Bank as to such capacities and duties, which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of such resignation, provision shall be made for the orderly transition of the books, records, and accounts relating to the Bonds as to such resigned capacity or capacities to the successor Bank in order that there will be no delinquencies in the payment of interest or principal due on the Bonds.

The Trustee Bank shall indicate its acceptance of its respective additional duties and capacities by signing its Acceptance at the conclusion of this Resolution.

Section 4.03. Replacement by Board of Registrar, Transfer Agent, Payee Bank, Depository Bank, and/or Escrow Bank.

The Board shall have the right at any time to replace the Registrar, Transfer Agent, Payee Bank, Depository Bank, and/or Escrow Bank by observing the same procedure as that required by the Basic Resolution and/or the respective Series Resolutions for replacement of the Trustee.

Section 4.04. Covenant of Board to Take All Action Necessary to Assure Compliance With the Tax Reform Act of 1985, If, As, and When Enacted.

The Board acknowledges that prior to the time that this Resolution is adopted (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), was passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a substantially different version of the Tax Law was passed by the United States Senate on June 24, 1986, (c) a combination of the House version and the Senate version of the Tax Law and in some instances new versions were agreed on by the House and Senate Conference Committee on August 17, 1986, and (d) it is not known at present which version or versions or which combination of the versions will be finally enacted, and what retroactive date, if any, will be included in such Tax Law.

In order to assure purchasers of the Current Bonds that the Current Bonds will continue to be legal obligations and that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Current Bonds may constitute an item of "tax-preference" in the calculation of an alternate minimum tax of certain corporations and/or certain other bondowners because of the nature of the total tax-preference items of such bondowners), the Board covenants to and with the owners of the Current Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, and (3) none of the proceeds of the Current Bonds will be used for any purpose which would cause the interest on the Current Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law,

if enacted and signed into law in such version passed by the House of Representatives, such version passed by the United States Senate or in such version approved by the House and Senate Conference Committee, and (4) the Board reserves the right to amend the Resolution authorizing the Current Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of nationally recognized bond counsel, be deemed necessary to assure that interest on the Current Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Bonds) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Current Bonds, or the application of such proceeds or of the revenues of the Project; and the purchasers of the Current Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of the Current Bonds.

To the extent that the Board obtains an opinion of nationally recognized Bond Counsel or Special Tax Counsel to the effect that non-compliance would not subject interest on the Bonds to Federal income taxes or Kentucky income taxes, the Board shall not be required to comply with the foregoing provisions.

Section 4.05. Resolution Contractual With Bondowners.

The Basic Resolution and this Current Resolution shall, from and after issuance and delivery of the Current Bonds, constitute a contract between the Board of the University and the owners and holders of such Current Bonds as shall be outstanding hereunder.

Section 4.06. Specific Reservation of Right To Change Provisions
as to Refunding.

The Board hereby specifically reserves the right on the date of acceptance of the successful bid for the purchase of the Current Bonds to determine what, if any, transfers shall be made from the Bond Fund and/or the Debt Service Reserve portion thereof to the Escrow Fund, and how much, if any amount, shall be transferred from the proceeds of the Current Bonds into the Bond Fund and/or the Debt Service Reserve portion thereof, all with the intent of (1) achieving the maximum savings to the Board and the University, and (2) not adversely affecting the exemption of interest on the Current Bonds from Federal and State income taxation.

Section 4.07. Provisions in Conflict are Repealed.

All resolutions or parts thereof in conflict with the provisions of this Current Bond Resolution are hereby rescinded to the extent of such conflict.

Section 4.08. Copy to be Filed with Trustee.

A certified copy of this Current Resolution shall be filed with the Trustee, and this Current Bond Resolution shall take effect immediately upon its adoption and the filing of the certified copy thereof with the Trustee, as provided in the Basic Resolution.

Adopted October 14, 1986.

Chairman, Board of Trustees
University of Kentucky

Secretary, Board of Trustees

(Seal)

CERTIFICATION

I, GEORGE W. GRIFFIN, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certify that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on October 14, 1986, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of said Board this October ____, 1986.

Board of Trustees of
University of Kentucky

ACCEPTANCE BY COMMERCE NATIONAL BANK
LEXINGTON, KENTUCKY, AS
BOND REGISTRAR, TRANSFER AGENT, PAYEE BANK, AND ESCROW AGENT

The undersigned, Commerce National Bank, Lexington, Kentucky, having heretofore been appointed as and having served as Trustee, hereby agrees to the provisions of the foregoing Resolution to the extent that there are contained therein provisions as to the additional rights and duties of the undersigned as Bond Registrar, Transfer Agent, Payee Bank, and Escrow Agent, including such provisions, rights, and duties contained in the Escrow Agreement referred to therein, and a copy of which is attached hereto.

Dated this _____, 1986.

COMMERCE NATIONAL BANK
Lexington, Kentucky

By _____

Title _____

(Seal of Bank)

EXHIBIT A

MASTER BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES D (SECOND SERIES)

No. MB-1

Principal Amount \$ _____

KNOW ALL MEN BY THESE PRESENTS:

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to

the Registered Owner, or his, its, or their registered assigns, upon presentation and surrender of this Bond, the principal sum of

in the years and in the respective principal installments hereinafter set out, and to pay interest on said respective principal installments from the date hereof, such interest to be paid on May 1, 1987, and semiannually thereafter on the first days of November and May of each year until payment of the respective principal installments, at the following respective interest rates:

<u>Maturity</u> <u>May 1</u>	<u>Principal</u> <u>Maturing</u> <u>May 1</u>	<u>Interest</u> <u>Rates</u>	<u>Maturity</u> <u>May 1</u>	<u>Principal</u> <u>Maturing</u> <u>May 1</u>	<u>Interest</u> <u>Rates</u>
1987			1998		
1988			1999		
1989			2000		
1990			2001		
1991			2002		
1992			2003		
1993			2004		
1994			2005		
1995			2006		
1996			2007		
1997			2008		

The principal of, and premium, if any, on this Bond, are payable upon surrender of this Bond, at maturity or at earlier redemption prior to maturity, in lawful money of the United States of America, at the main office of Commerce National Bank, Lexington, Kentucky (the "Trustee Bank", "Payee Bank", and "Registrar"). Interest due on this Bond shall be paid by check or draft mailed by regular U. S. mail postmarked no later than the due date thereof by the Trustee to the registered owner hereof at the address shown as of the 15th day of the month preceding each interest payment date on the Bond Register kept by the Trustee-Registrar. This Bond shall be transferable only upon presentation and surrender hereof at the main office of the Trustee-Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owners (or their authorized representative).

This bond is issued as a temporary bond to represent the entire authorized issue of the \$_____ of bonds authorized by a resolution (the "Current Bond Resolution") of the Board, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including, among others, Sections 162.350 to 162.380, inclusive, and Section 58.010 through 58.140, inclusive, and Section 164.595 of the Kentucky Revised Statutes, which bonds shall be issued in the form of the fully registered bonds contained in the Bond Form attached hereto (which form is copied from the Current Bond Resolution). All of the terms and conditions of said Bond Form attached hereto are incorporated in this Bond by reference and shall apply solely to this Bond. It is acknowledged that this is a temporary Bond and that it is intended that this Bond shall be exchanged for an equivalent principal amount of printed fully registered Bonds in the form of the Bond form attached hereto, within three days from the date hereof, although there is no deadline date for such exchange. Such exchange may be made for printed, fully registered Bonds in the denomination of \$5,000 or any multiple thereof within a single maturity.

This Master Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Current Bond Resolution unless this Bond is authenticated by the Trustee-Registrar by the due execution of the Authentication Certificate of Trustee-Registrar manually endorsed hereon.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed in its behalf with the manual signature of its Chairman, and its corporate Seal to be affixed hereto, and attested by the manual signature of the Secretary of the Board, dated as of the first day of October, 1986.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

(Seal of Board)

Chairman, Board of Trustees

Attest:

Secretary, Board of Trustees

THE AUTHENTICATION DATE OF THIS BOND IS _____.

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

This is to certify that this Bond represents the entire issue of Bonds referred to in the within Bond and in the Bond Resolution authorizing same.

COMMERCE NATIONAL BANK
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

ENDORSEMENT OF REGISTERED OWNER(S)

The undersigned, the registered owner of this Master Bond, hereby transfers and surrenders this Master Bond to Commerce National Bank, Lexington, Kentucky, as Trustee and Bond Registrar, in exchange for printed Bonds in an equivalent amount issued to owners designated by the undersigned to the Trustee and Registrar.

Dated this _____, 1986.

By _____
Authorized Signature

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES D (SECOND SERIES)

NUMBER R- _____

PRINCIPAL AMOUNT:
(DOLLARS)

DATE OF ORIGINAL ISSUE: October 1, 1986 INTEREST RATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to the REGISTERED OWNER, identified above, or his or its registered assigns, solely from the special fund hereinafter identified, upon presentation and surrender of this Bond, the PRINCIPAL AMOUNT set out above on the MATURITY DATE specified above and to pay interest on said sum at the INTEREST RATE specified above, commencing on May 1, 1987, and semiannually thereafter on November 1 and May 1 of each year until this Bond shall be paid, unless redeemed (prepaid) prior thereto as hereinafter provided. The principal of and premium, if any, on this Bond are payable in lawful money of the United States America at the main office of the Commerce National Bank, Lexington, Kentucky (the "Trustee", "Bond Registrar", and "Payee Bank"). All interest on this Bond shall be payable by check or draft mailed by the Trustee-Registrar to the registered owner hereof at the address shown on the registration books kept by the Trustee.

This Bond is part of an authorized issue of \$ _____ principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "Current Bonds", the "Bonds", or "these Bonds"), authorized to be issued by the Board pursuant to proceedings of the Board, for the purpose of defeasing and advance refunding the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982, (the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all principal and interest requirements of all of the Prior Bonds other than those Prior Bonds scheduled to be redeemed in advance of maturity; and (2) to redeem on the designated redemption date, through payment of principal, redemption premium, and interest, all of the Prior Bonds scheduled to be redeemed in advance of maturity, as more fully set forth and identified in the Resolution of the Board authorizing these Bonds (the "Current Bond Resolution"), under and in full compliance with the Constitution and Statutes of Kentucky, including Sections 162.340 to 162.380, 164.595, and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect, and under and pursuant to the Resolution adopted by the Board on May 6, 1969, as supplemented by a Resolution adopted on May 25, 1970 (hereinafter collectively referred to as the "Basic Resolution" or the "Resolution"), and as supplemented by subsequent resolutions identified as the Series A, B, C, D, and E Resolutions.

The Prior Bonds were issued pursuant to said Statutes for the purpose of financing the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the Series D Project), upon properties of the University in Maysville, Louisville,

Elizabethtown, and Cumberland, Kentucky, the buildings of which Series D Project have been completed and now constitute part of the Community Colleges Educational Buildings Project of the University (hereinafter referred to as the "Project"). Copies of the Basic Resolution, the Series D Resolution, and the Current Bond Resolution are on file at the office of the Trustee. Reference is hereby made to said various resolutions pursuant to which (a) the Commerce National Bank, in the City of Lexington, Kentucky, has been designated as Trustee, and now as Bond Registrar, Payee Bank, and Transfer Agent, respectively for the holders and owners of the various bonds against the Project, including the Current Bonds, except that as to the Series E Bonds, a different bank was designated as Bond Registrar, Payee Bank, and Transfer Agent; (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Current Bonds; (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Current Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Trustee-Registrar, but only in the manner, subject to the limitations provided in the Current Bond Resolution, and upon surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being effected, a new fully registered Bond or Bonds of the same series and the same maturity, of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefor.

The Board and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon, and interest due hereon, and for all other purposes, and neither the Board nor the Trustee-Registrar shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Basic Resolution or the Current Bond Resolution, or to institute action to enforce the covenants therein, to take any action with respect to any default under such Resolutions or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in such Resolutions. The Basic Resolution provides for fixing, charging, and collecting fees for the services of the Project, which fees will be sufficient to pay the principal of and interest on all of the outstanding Series A, B, C, D, and E Bonds, the Current Bonds, and any additional parity Bonds (collectively "the Bonds", excluding the Series D Bonds which have been defeased through the escrow of proceeds of these Current Bonds [supplemented by other funds]), as the same become due, to provide a reserve for such purpose, and also to pay the cost of operation and maintenance of the Project to the extent that same are not otherwise provided. The Basic Resolution provides for the creation of a special account designated "Community Colleges Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund") and for the deposit to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project sufficient to pay interest on All Bonds as the same become due, to pay or retire the principal of All Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The Current Bonds maturing on or after May 1, 1997, are redeemable at the option of the University on or after May 1, 1996, in whole or in part, and if in part, in inverse order of maturities (less than all of a single maturity to be selected by lot in such manner as the Trustee may reasonably determine), at redemption prices expressed in percentages of the principal amount with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed</u>	<u>Redemption Price</u>
From May 1, 1996 through November 1, 1998	103%
From May 1, 1999 through November 1, 2002	102%
From May 1, 2003, and thereafter to maturity	100%

In the event that a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Trustee-Registrar, in accordance with the Current Bond Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

The Trustee-Registrar shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than 30 and nor more than 60 days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the Bond Register as of the date of mailing of such notice.

The Board covenants that it will invest the net proceeds of these Current Bonds, together with any other funds made available for the same purpose, and will account for and apply the principal and interest earned thereon

to the payment of the principal of and interest on the Series D Bonds as are scheduled to be defeased and redeemed in advance of maturity, according to their terms, thereby defeasing (terminating) the pledge of the revenues of the Project securing the Series D Bonds, in accordance with arrangements heretofore made by the Board, and that the Board will fix and charge such rates and will account for the income and revenues from the Project, sufficient, in the aggregate, to pay promptly the interest on and principal of all Bonds, including the Current Bonds, as and when such interest and principal become due and payable, from the Bond Fund, and to pay the costs of operation, maintenance, and insurance of the Project.

A statutory mortgage lien, which is hereby recognized as valid and binding on the Project and properties connected therewith and belonging thereto, on a parity with all Bonds, is created and granted to and in favor of the owner(s) of these Current Bonds, pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien shall take effect immediately upon the delivery of any and all of the Current Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on all Bonds, including the Current Bonds, except that (a) said lien is subject to the prior pledge of revenues of one Community College made prior to such College being made a part of the Community Colleges Project, and (b) such lien does not apply to Community Colleges educational buildings and appurtenances which may be leased rather than owned by the University.

All Bonds as may be outstanding from time to time are payable only from a fixed amount of the gross Revenues derived from the operation of the Project subject to the same exceptions as are applicable to said statutory

mortgage lien, which necessary fixed amount will be annually set aside into the Bond Fund, and this Bond does not constitute an indebtedness of the University of Kentucky or its Board or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Current Bond Resolution, until it shall have been authenticated by the execution by the Trustee-Registrar of the Authentication Certificate of Trustee-Registrar hereon endorsed.

This Bond is exempt from taxation (except inheritance taxes) by the Commonwealth of Kentucky and all of its political subdivisions.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond, together with all other obligations of the Board and of said University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that the Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into the Bond Fund (created in the Basic Resolution) for the payment of the principal of and interest on this Bond and all Bonds which by their terms and the terms of the Basic and Current Resolutions are payable from the Bond Fund as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed in its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of the first day of October 1986; provided, however, that this Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Current Bond Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

Attest: By (Facsimile Signature)
Chairman, Board of Trustees

(Facsimile Signature)
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

This is to certify that this Bond is one of the Bonds referred to in the within Bond and in the Current Bond Resolution authorizing same.

COMMERCE NATIONAL BANK
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

NOTICE OF SALE OF BONDS

\$9,030,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED OCTOBER 1, 1986

The Treasurer of the Board of Trustees of the University of Kentucky, Lexington, Kentucky (the "Board"), hereby gives public notice that until the

14th day of October, 1986

at the hour of 10:30 A.M., E.D.T., it will receive in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, sealed, competitive bids for the purchase of \$9,030,000 of the above-identified issue of bonds, subject to adjustment as to amount as herein-after provided, being fully registered bonds, in the denomination of \$5,000 or any multiple of same within the same maturity, maturing on May 1, 1987 through 2008.

The minimum bid is \$8,849,400 (98% of par). All bidders must bid for all of the Bonds, and the purchase price is payable in Federal Funds.

Bids will be received at said office until 10:00 A.M. on such sale date and will be acted upon by the Board of Trustees (or the Executive Committee of the Board) at 1:00 P.M., E.D.T., on the same date.

The amount of the Bonds to be sold may be increased or decreased at the time of the sale, as set out in detail in the Official Terms and Conditions of Sale of Bonds and in the Preliminary Official Statement.

The Bonds will be issued subject to the approving legal opinion of the firm of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, with a separate no-arbitrage opinion of the firm of Haynes & Miller, Washington, D.C., based on the assumption of compliance by the Board with certain covenants made by the Board in accordance with the Tax Law now pending before Congress, and other related conditions, as set out in detail in the Official Terms and Conditions of Sale of Bonds and in the Preliminary Official Statement.

Good faith check is \$90,300. Bid Forms, Official Terms and Conditions, and Preliminary Official Statement may be obtained from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741.

Right to reject bids and to waive defects or informalities is expressly reserved. (Signed) Henry Clay Owen, Treasurer, Board of Trustees, University of Kentucky, Lexington, Kentucky 40506.

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

9,030,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED OCTOBER 1, 1986

SALE: October 14, 1986, 10:00 A.M., E.D.T.

As advertised in THE COURIER-JOURNAL, published in Louisville, Kentucky, and in THE DAILY BOND BUYER, published in New York, New York, the Treasurer and the Finance Committee of the Board of Trustees of the University of Kentucky, Lexington, Kentucky (the "Board") will until the date and hour referred to above, receive in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, sealed, competitive bids for the purchase of the above-identified Bonds (the "Current Bonds"). To be considered, a bid for the purchase of said Bonds must be submitted on an Official Bid Form and must be delivered to such office no later than the date and hour indicated. Proposals for the purchase of the Bonds will be considered by the Finance Committee of the Board at its meeting on that date and referred to the Executive Committee of the Board (or to the full Board) at a meeting to be held at 1:00 P.M., E.D.T., on that date.

Bids submitted prior to the day and hour hereinabove set forth may be sent to the President of the University at his office in the Administration Building on the Campus of said University in Lexington, Kentucky 40506, and if any such Bid is received in said President's office prior to the date and hour above set forth, properly marked so as to identify the same, it will be communicated to and considered by such official and will be acted upon by the Board or its Executive Committee at the meeting above referred to.

A. DESCRIPTION AND MATURITIES OF BONDS.

1. The Current Bonds will be issued only as fully registered bonds, without coupons, in the denomination of \$5,000 principal amount or any multiple of \$5,000 within a single maturity (as designated by the Purchasers), will bear interest payable semiannually on May 1 and November 1 of each year to maturity (first interest payment date, May 1, 1987 - seven months), and will mature on May 1 of the respective years, as follows, subject to revision as specified below:

<u>Year of Maturity May 1</u>	<u>Maturity Amount</u>	<u>Rate</u>	<u>Year of Maturity May 1</u>	<u>Maturity Amount</u>	<u>Rate</u>
1987	\$155,000	_____ %	1998	\$335,000	_____ %
1988	195,000	_____ %	1999	365,000	_____ %
1989	200,000	_____ %	2000	395,000	_____ %
1990	210,000	_____ %	2001	430,000	_____ %
1991	225,000	_____ %	2002	460,000	_____ %
1992	235,000	_____ %	2003	495,000	_____ %
1993	250,000	_____ %	2004	545,000	_____ %
1994	270,000	_____ %	2005	740,000	_____ %
1995	285,000	_____ %	2006	810,000	_____ %
1996	300,000	_____ %	2007	875,000	_____ %
1997	315,000	_____ %	2008	940,000	_____ %

2. The final size of the Bond issue will be calculated to provide the greatest economic advantage to the Board on the refunding project financed by the Bonds, and to achieve generally level annual debt service payments. The successful purchaser will be required to accept the final Bond issue as so computed, whether the size of the Bond issue is increased or decreased, and to pay the same purchase price per \$1,000 of Bonds of the adjusted size of the Bond issue as the purchase price bid in such successful bid. It is expected, although no absolute assurance can be given, that the final size of the Bond issue will be closely modeled to the Schedule of Principal Amounts listed in the Official Bid Form, provided that, on a percentage basis, the adjustment required for the entire issue will be nearly equal to the adjustment made within each maturity.

3. The principal of (and premium, if any) and interest on the Current Bonds will be payable in lawful money of the United States of America at the main office of Commerce National Bank, Lexington, Kentucky, the Trustee, Bond Registrar, Transfer Agent, Payee Bank, Depository Bank, and Escrow Bank; provided, however, that interest on the Current Bonds shall be paid when due by check mailed by the Trustee to the respective persons entitled thereto at the addresses of the respective Bondowners of record on the 15th day of the month preceding each interest due date by regular United States mail postmarked not later than the due date. Upon submission of a proper executed assignment of a Bond, such Bank will transfer ownership of such Bond within three (3) business days of receipt without expense to the Bondowner.

4. The Current Bonds shall be lettered and numbered from R-1 upward, or such numbering shall be made in such other appropriate manner as may be determined by the Registrar.

5. With respect to Current Bonds transferred or exchanged after the initial delivery of the Current Bonds, same shall be dated on and shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, as the case may be, unless no interest has been paid on a Current Bond, in which case such Bond shall bear interest from October 1, 1986.

6. The person in whose name any Current Bond is registered on the register date (April 15 or October 15) with respect to an interest payment date shall be entitled to receive the interest payable on such interest payment date (unless such Bond shall have been duly called for redemption on a redemption date which is prior to such interest payment date).

7. The Current Bonds maturing on and after May 1, 1997, are subject to redemption prior to maturity, at the option of the Board, on any interest payment date on and after May 1, 1996, in inverse order of maturity and by lot within a single maturity, at the following redemption prices (expressed as a percentage of principal amount), plus accrued interest to the date of redemption, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
May 1, 1996 through November 1, 1998	103%
May 1, 1999 through November 1, 2002	102%
May 1, 2003 and thereafter	100%

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof, if such Bond is one of the maturities or amounts or part of the maturities or amounts called for redemption. Upon surrender of any Bond for redemption in part, the Trustee-Registrar shall (authenticate and) deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

The Trustee shall give notice of any redemption by sending at least one such notice by first class mail not less than thirty and not more than sixty days prior to the date fixed for redemption to the registered owner of each Current Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice; and interest on such Bonds or portions thereof shall cease to accrue after the redemption date.

B. STATUTORY AUTHORITY AND PURPOSE OF BONDS.

8. These Bonds are issued for the purpose of defeasing and advance refunding the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982 (the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds, which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all interest and principal requirements on the Prior Bonds maturing on and before May 1, 1993 as same become due, (2) to pay all interest requirements of all of

the Prior Bonds to be redeemed in advance of maturity; and (3) to redeem on May 1, 1993, the designated redemption date, through payment of the principal, redemption premium, and interest, all of the Prior Bonds maturing on or after May 1, 1994, with the precise redemption arrangements, by date and amount, being determined at the time of the sale of the Current Bonds, to achieve the maximum savings available in effecting the retirement and redemption of the Prior Bonds, as more fully set forth in the proceedings of the Board, including Sections 162.340 to 162.380, 164.595, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect.

9. The Series D Prior Bonds were issued for the purpose of paying the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings upon properties of the University in Maysville, Louisville, Elizabethtown, and Cumberland, Kentucky. The buildings constituting the Series D Project have been completed and now constitute part of the Community Colleges Educational Buildings Project of the University (hereinafter referred to as the "Project"). All of said Prior Series D Bonds, together with the previous Series A, B, C, and E Bonds, issued in connection with the Community Colleges Educational Buildings Project, have been payable solely from and secured by a first pledge of the revenues derived by the University from the operation of the Project (the security also being by a statutory lien hereinafter referred to), subject to the exceptions referred to below in the paragraph headed "SECURITY". Accordingly, the Current Bonds, when issued, will be payable on a parity with the previous Series A, B, C, and E Bonds solely from and secured by a first pledge (and the statutory lien hereinafter referred to) of the gross income and revenues to be derived from the Project, subject to the exceptions and other provisions referred to in the paragraph below, bearing the heading "SECURITY".

C. SECURITY.

10. These Current Bonds, together with all of the outstanding Parity Bonds (Series A through E, excluding all of the Series D Bonds that shall be advance refunded), are secured by and payable from the Revenues of the Project. Such Revenues consist of certain student registration fees imposed and collected from students attending the University. As further security for the Bonds, a statutory mortgage lien upon the Project is created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes. Provided, however, that the pledge of the revenues of the Project and said statutory mortgage lien are subject to (a) the prior pledge of revenues of one Community College made prior to such College being made a part of the Project, and (b) the fact that such pledge and lien do not apply to Community Colleges educational buildings and appurtenances which may be leased rather than owned by the University.

D. BIDDING CONDITIONS AND RESTRICTIONS.

11. The public offering of the Current Bonds is made upon the following specific conditions and provisions:

- A. Bids shall be required to be submitted upon a standard "Official Bid Form" in order to provide for the uniformity in submission of bids and ready determination of the best bid.

- B. Bidders shall be required to bid for the entire issue a minimum price of not less than \$8,849,400 (98% of par) for the \$9,030,000 of Bonds, plus accrued interest from the date of the Bonds (October 1, 1986) to the date of delivery, payable in Federal Funds. The successful purchaser shall be required to certify as soon as his bid is accepted as to the amount or amounts of the reoffering price or prices.
- C. The determination of the best bid will be made on the basis of all bids submitted for exactly \$9,030,000 of Bonds as offered for sale under the terms and conditions herein specified. The Board will, at the meeting of the Board which will be held to act upon the receipt of bids for the Bonds, accept or reject the best bid, provided, however, the Board reserves the right to increase or reduce the amount of Bonds sold as set out in paragraph A-2 of these Official Terms. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. The price at which such adjusted amount of bonds will be sold will be the same price per \$1,000 of bonds as the price bid in the successful bid per \$1,000 for the \$9,030,000 of Bonds initially offered for sale.
- D. Each bid shall be accompanied by a certified or bank cashier's good faith check in the amount of \$90,300 (1%), payable to the order of the Treasurer of the University of Kentucky. The check of the successful bidder will be immediately deposited by the University and credited (without interest) against the purchase price. The good faith checks of the unsuccessful bidders will be returned promptly.
- E. Bidders must state an interest rate or rates in a multiple of 1/8 and/or 1/20 of 1%. There is no maximum interest rate applicable.
- F. There is no limit on the number of different rates which may be specified in any bid and there is no maximum differential between the highest and lowest interest rates stipulated in any bid.
- G. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.
- H. Interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.
- I. The right to reject bids for any reason deemed advisable by the Board and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of the Board, with the advice of the Fiscal Agent, shall be minor or immaterial, is expressly reserved.

- J. Bids must be made on forms which, together with an Official Statement, may be obtained at the office of the Treasurer of the University or from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741. Bids must be enclosed in sealed envelopes marked "Proposal for University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986", and bids must be received by the aforesaid Treasurer prior to the date and hour set for the sale.
- K. The original purchasers (the "Original Purchasers" or the "Purchasers") of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the Purchasers. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchasers thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase agreement.
- L. Delivery will be made on or about November 13, 1986, at Commerce National Bank, Lexington, Kentucky, at no additional cost or expense to the Purchasers, or elsewhere at the expense of the Purchasers.
- M. It is anticipated that the University may tender the Bonds in the form of a single fully registered Master Bond or similar document to the Original Purchasers, in which event, within not more than three days following such delivery such Original Purchasers will be issued fully registered Bond Certificates (in the denomination of \$5,000 or any multiple of same within the same maturity) in such names as shall have been properly designated to the Bond Registrar.
- N. It shall be the responsibility of the Original Purchasers to furnish or cause to be furnished to the Payee Bank/Registrar at least five days prior to the date of delivery of the Bonds, a list of the names, addresses, social security numbers or employer identification numbers, principal amount, and maturities of each of the parties to whom the Bonds are to be registered. In the event of the failure to so furnish such list, the Bonds delivered to the Original Purchasers shall be registered in the name or names of such Original Purchasers or their designated representatives appearing as the first name on the successful Bid Form, or otherwise appropriately designated, and shall be issued in denominations corresponding to the principal amount of each respective maturity, as shall be determined by the Trustee-Registrar. The Registrar shall issue and deliver to each respective member of the Original Purchasers, within three business days after their initial delivery of the Bonds (or of the Master Bond referred to above) fully registered Bond Certificates for each registered owner designated as above provided.

- O. Upon wrongful refusal of the Purchasers to take delivery of and pay for the Bonds in Federal Funds when tendered for delivery, the amount of the good faith check shall be forfeited by such Purchasers, and such amount shall be deemed liquidated damages for such default, provided, however, if such Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, said Purchasers shall be relieved of any liability to accept the Bonds hereunder.
- P. Bidders are advised that Dupree & Company, Inc., Lexington, Kentucky, has been employed as Fiscal Agent in connection with the issuance of these Current Bonds. Their fee for services rendered with respect to the sale of the Current Bonds is contingent upon the issuance and delivery of the Current Bonds. They may submit a bid for the purchase of the Current Bonds at the time of the advertised public sale of the Current Bonds, either individually or as members of a syndicate organized to submit a bid for the purchase of the Current Bonds.

E. ADDITIONAL SALE PROVISIONS.

12. If upon the basis of the foregoing, the Board shall accept a purchase bid for the \$9,030,000 of Current Bonds, or for the permissible adjusted amount thereof, the Board shall adopt a Resolution to that effect, supply proper evidence of such acceptance to the bidder submitting the accepted purchase bid, and thereafter the appropriate documents evidencing the sale of the Bonds and necessary for the delivery thereof shall be executed. The Board shall also at the time of acceptance of such successful bid, authorize the publication of the appropriate Notice of Redemption of Bonds with reference to the Prior Bonds to be called for redemption in advance of maturity.

13. The Purchasers will have no expense other than the bid price, and, as herein provided, the cost of CUSIP numbers, in connection with the Current Bonds (and additional closing expense if delivery of the Bonds is requested by the Purchasers at a place other than the Registrar). The Board (through the Fiscal Agent) will provide the printed Fully Registered Bonds. The Board will furnish to the Purchaser the customary No Litigation Certificate and the final, approving Legal Opinion of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, approving the legality of the Bonds, together with separate Legal Opinions of Haynes & Miller, Washington, D. C., as to (a) compliance with the requirements of tax exempt bonds (including the "Arbitrage Rules" of Section 103 of the Internal Revenue Code), and (b) matters concerning the Tax Law now pending before Congress, without expense to the Purchaser.

F. SPECIAL TAX EXEMPTION CONSIDERATIONS.

14. Potential bidders are reminded that at the time that these Bonds are offered for sale, (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), has been passed by the House of Representatives on December 17, 1985, with a provision that many of

its provisions are retroactive to January 1, 1986, (b) a substantially different version of the Tax Law was passed by the U. S. Senate on June 24, 1986, generally effective on the ultimate date of enactment of the final draft of such Tax Law, (c) a combination of the House version and the Senate version of the Tax Law together with some additional provisions not included in either the House version or the Senate version of H.R. 3838 was agreed on by the House and Senate Conference Committee on August 17, 1986, and (d) it is not known at present which version or which combination of the versions will be finally enacted, and what retroactive date, if any will be included in such Tax Bill.

In order to assure purchasers of the Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Bonds may constitute an item of "tax-preference" in the calculation of an alternate minimum tax of certain corporations and/or certain other bondowners because of the nature of the total tax-preference items of such bondowners), the Board covenants to and with the owners of such Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, and (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if enacted and signed into law in any of such versions or combination of such versions of such Tax Law as same exists at the time of issuance of the Bonds.

The Board reserves the right to amend the Resolution authorizing these Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the Bondowners) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of these Current Bonds, or the application of such proceeds or of the revenues of the Project. The purchasers of these Current Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of such Bonds.

To the extent that the Board obtains an opinion of nationally recognized bond counsel or special tax counsel to the effect that non-compliance would not subject interest on the Current Bonds to Federal income taxes or Kentucky income taxes, the Board shall not be required to comply with the foregoing provisions.

Bond Counsel will render the customary opinion as to exemption of principal of the Bonds from Kentucky ad valorem taxation and as to exemption of interest on the Bonds from Federal and Kentucky income taxation, assuming that the Board complies with covenants made by the Board with respect to compliance with the provisions of H.R. 3838, if enacted into law in the version passed by the House of Representatives, in the version passed by the Senate, in any combination of the provisions of both versions, or in the version agreed on by the House and Senate Conference Committee, except that with respect to certain corporations and/or certain other bondowners, such interest may be included in the calculation of an alternate minimum tax; and said opinion will state that

Bond Counsel has relied upon the opinion of Haynes & Miller, Washington, D. C., Special Tax Counsel, (a) that the Bonds are not "Arbitrage Bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and (b) with respect to certain matters related to the Tax Law referred to herein.

15. Bond Counsel and Special Tax Counsel have reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the Current Bonds, including statements concerning the Board and the purpose and security of the Current Bonds; but Bond Counsel and Special Tax Counsel have not reviewed the financial data concerning the Board and the University in the Official Statement, and express no opinion thereon and assume no responsibility in connection therewith.

16. Subject to the matters set out above, the Current Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on said Bonds not being subject to Federal or Kentucky income taxation on the date of their delivery to the Purchasers.

17. If, prior to the delivery of the Current Bonds, any event shall occur which alters such tax-exempt status, the Purchasers shall have the privilege of voiding the purchase contract by giving immediate written notice to the Board, whereupon the amount of the good faith deposit of the Purchasers will be returned to the Purchasers, and all respective obligations of the parties will be terminated. The Board will accept a bid or reject all bids on the date stated at the beginning of this instrument and will immediately return all good faith checks of the respective unsuccessful bidders.

18. The Purchasers will be required to take delivery of the Bonds at a place to be designated by the Purchasers, as indicated, within 45 days from the date of the sale. However, it is contemplated that the Bonds will be delivered on a date during such period as may be designated by representatives of the Board, and the Purchasers will be required to accept delivery of and pay for the Bonds on any designated date within such 45 day period upon notice being given at least five business days prior to the designated delivery date. (Signed) Henry Clay Owen, Treasurer, Board of Trustees, University of Kentucky, Lexington, Kentucky 40506.

OFFICIAL BID FORM

\$9,030,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED OCTOBER 1, 1986

To the Honorable Chairman and Members of
The Board of Trustees of the University of Kentucky
c/o Mr. Henry Clay Owen
University Treasurer
Office of the President
Administration Building
Lexington, Kentucky 40506

Ladies and Gentlemen:

We have examined your "Notice of Sale of Bonds" as published in THE COURIER-JOURNAL of Louisville, Kentucky, and in THE BOND BUYER, New York, New York, and the "Official Terms and Conditions of Sale of Bonds", and the "Preliminary Official Statement" referred to therein. By our submission of this Bid, we evidence our agreement to the terms and conditions of your sale as represented therein.

We hereby bid to purchase said \$9,030,000 principal amount of Bonds for the sum of \$ _____ (not less than \$8,849,400), plus accrued interest from October 1, 1986, at the following annual interest rates:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

<u>Year of</u> <u>Maturity</u> <u>May 1</u>	<u>Maturity</u> <u>Amount</u>	<u>Rate</u>	<u>Year of</u> <u>Maturity</u> <u>May 1</u>	<u>Maturity</u> <u>Amount</u>	<u>Rate</u>
1987	\$155,000	_____ %	1998	\$335,000	_____ %
1988	195,000	_____ %	1999	365,000	_____ %
1989	200,000	_____ %	2000	395,000	_____ %
1990	210,000	_____ %	2001	430,000	_____ %
1991	225,000	_____ %	2002	460,000	_____ %
1992	235,000	_____ %	2003	495,000	_____ %
1993	250,000	_____ %	2004	545,000	_____ %
1994	270,000	_____ %	2005	740,000	_____ %
1995	285,000	_____ %	2006	810,000	_____ %
1996	300,000	_____ %	2007	875,000	_____ %
1997	315,000	_____ %	2008	940,000	_____ %

We understand that the size of the final bond issue may be adjusted so as to increase or decrease the total size of the bond issue, and that maturities may be similarly adjusted. We agree to the condition that we shall be required to certify as soon as our bid is accepted as to the amount or amounts of the reoffering price or prices.

We also understand that the Bonds are offered for sale on the basis of the principal of the Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on the Bonds not being subject to Federal or Kentucky income taxation on the date of their delivery to the successful bidder, subject to certain qualifications related to the Tax Reform Act of 1985 now pending before the United States Congress, as set out in the Official Terms and Conditions of Sale of Bonds. It is also understood that the Board will furnish a final approving Legal Opinion of Rubin & Hays, Bond Counsel, Louisville, Kentucky, subject to whose approving Legal Opinion said Bonds are sold, together with a separate legal opinion of Haynes & Miller, Special Tax Counsel, Washington, D. C., as to compliance with the requirements for tax-exempt bonds, including the "arbitrage rules" of Section 103 of the Internal Revenue Code of 1954, as amended, and as to certain matters related to the Tax Reform Act of 1985, and will furnish printed bond forms and the usual closing proofs, including the customary no-litigation certificate, to the successful bidder.

A certified or bank cashier's check in the amount of \$90,300, payable to the Treasurer of the University of Kentucky, is enclosed in accordance with the Notice of Bond Sale and the Official Terms, with the understanding that if we are the successful bidder, said check is to be immediately deposited by the University and credited (without interest) against the purchase price at the time of delivery of the Bonds. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

(a) Total interest cost from date of Bonds to final maturity	\$ _____
(b) Plus discount (or less premium)	\$ _____
(c) Net interest cost	\$ _____
(d) Average interest rate	_____ %

The above computation of net interest cost and average interest rate or cost is submitted for information only and is not a part of this bid.

Accepted this 14th day of October, 1986, for a total of \$_____ of Bonds, at an adjusted price of \$_____, with the maturities set out in Exhibit A attached hereto.

BOARD OF TRUSTEES OF UNIVERSITY OF
KENTUCKY

By _____
Chairman

Attest:

Secretary

(Seal)

EXHIBIT A

The attached bid was accepted as to \$_____ of Bonds, at the adjusted price set out above, bearing the following maturities and interest rates:

Year of Maturity May 1	Maturity Amount	Rate	Year of Maturity May 1	Maturity Amount	Rate
1987	\$	%	1998	\$	%
1988		%	1999		%
1989		%	2000		%
1990		%	2001		%
1991		%	2002		%
1992		%	2003		%
1993		%	2004		%
1994		%	2005		%
1995		%	2006		%
1996		%	2007		%
1997		%	2008		%

Dated this October 14, 1986.

BOARD OF TRUSTEES OF UNIVERSITY OF
KENTUCKY

By _____
Chairman

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 6, 1986

NEW ISSUE

Moody's Rating:

In the opinion of Bond Counsel, Rubin & Hays, interest on the Series D Bonds is exempt from Federal and Kentucky income taxation under existing statutes, court decisions, regulations and published rulings, and under existing laws the principal of the Series D Bonds is exempt from ad valorem taxation by the Commonwealth of Kentucky and any political subdivision thereof. For a more complete statement with reference to the foregoing see "Tax Exemption", "Special Tax Exemption Considerations" and "Covenant to Comply with Tax Reform Act of 1986" herein.

\$9,030,000*

**University of Kentucky
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING
REVENUE BONDS
SERIES D (Second Series)**

Dated: October 1, 1986

Due: May 1 as shown below

The Series D Bonds bear interest payable on May 1, 1987, and semi-annually (November 1 and May 1) thereafter until maturity. Principal shall be payable at the principal office of CommerceNational Bank, Lexington, Kentucky, (the "Paying Agent"), and interest shall be payable by check or draft mailed by the Paying Agent to the registered owners thereof of record as of the close of business on the 15th day of the month preceding each interest payment date (April 15 and October 15). The Series D Bonds shall be issued only as fully registered bonds in the denominations of \$5,000, or any integral multiple thereof, and shall mature on May 1, in accordance with the following schedule:

SCHEDULE OF MATURITIES

<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
1987	155,000			1998	335,000		
1988	195,000			1999	365,000		
1989	200,000			2000	395,000		
1990	210,000			2001	430,000		
1991	225,000			2002	460,000		
1992	235,000			2003	495,000		
1993	250,000			2004	545,000		
1994	270,000			2005	740,000		
1995	285,000			2006	810,000		
1996	300,000			2007	875,000		
1997	315,000			2008	940,000		

(Plus accrued interest from October 1, 1986)

The Series D Bonds are subject to prior redemption as described herein.

The proceeds of the Series D Bonds will be used to defease the University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982 (the "Prior Bonds").

The Series D Bonds constitute special obligations of the University of Kentucky and do not constitute a debt, liability or obligation of the Commonwealth of Kentucky nor a pledge of the full faith and credit of the Commonwealth. Principal of and interest on the Series D Bonds are payable solely from the revenues of the Community Colleges Educational Buildings Project.

*Subject to change.

The Series D Bonds are issued subject to the approval of legality by Rubin & Hays, Louisville, Kentucky, Bond Counsel and by Haynes & Miller, Washington, D.C., Special Tax Counsel.

No dealer, broker, salesman or other person has been authorized by the University of Kentucky or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Series D Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the University of Kentucky and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the University of Kentucky since the date hereof.

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TERMS AND CONDITIONS OF SALE
BID FORM

OFFICIAL STATEMENT
\$9,030,000*
University of Kentucky
Community Colleges Educational Buildings Refunding Revenue Bonds
Series D (Second Series)
Dated October 1, 1986

This Official Statement, which includes the cover page and the exhibits hereto, is being distributed by the University of Kentucky (the "University") to furnish pertinent information to all who may become owners of its Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (the "Series D Bonds") being offered hereby pursuant to the provisions of Sections 162.340 to 162.380, inclusive, of the Kentucky Revised Statutes, and pursuant to the terms of a Basic Resolution (the "Resolution") adopted by the Board of Trustees of the University (the "Board") on May 6, 1969, and a Series D Resolution adopted by the Board on June 25, 1986.

The summaries and references to Sections of the Kentucky Revised Statutes, the Resolution and the Series D Resolution, as included in this Official Statement, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

THE UNIVERSITY OF KENTUCKY

The University of Kentucky, located in Lexington, Fayette County, Kentucky, began on February 22, 1865, as part of Kentucky University, a land grant college under the "Morrill Act of 1862." In 1878, the College of Agriculture and Mechanical Arts was separated from Kentucky University (now Transylvania University) and re-established on land donated by the City of Lexington. In 1908, the name was changed to the State University of Kentucky and, in 1916, the institution was given its present designation of University of Kentucky. The University receives federal assistance as a land-grant college as well as state appropriations.

For the performance of its function of instruction, the University is organized into seventeen colleges and graduate schools plus extension programs. The academic year of the University is divided into two semesters of approximately eighteen weeks each and a summer school session of eight weeks.

The governing body of the University is the Board consisting of sixteen members appointed by the Governor, three of whom are alumni of the University, the President of the Student Body, two members of the University teaching faculty, and one member of the Community Colleges teaching faculty. The Board is a public body corporate and has general supervision of the University's property and operations.

<u>Name</u>	<u>Principal Occupation</u>
Robert T. McCowan*, Chairman	Vice Chairman of Board, External Affairs, Ashland Oil Co., Ashland, Kentucky
Albert G. Clay*, Vice Chairman	President, Clay Tobacco Co., Mount Sterling, Kentucky
George W. Griffin, Secretary	President, Laurel Grocery Company, London, Kentucky

* Subject to change.

Name	Principal Occupation
James L. Rose	President, Interstate Coal Co., London, Kentucky
Henry L. Hershey	Hillbrook Farm, Lexington, Kentucky
R. Larry Jones	Jones Plastic and Engineering Corp., Louisville, Kentucky
William R. Black*	President, Ray Black & Sons (General Contractors) Paducah, Kentucky
John S. Cain	President, Student Government Association, University of Kentucky, Lexington, Kentucky
Tracy Farmer*	Chairman of Board and Chief Executive Officer, National Bank of Cynthiana, Cynthiana, Kentucky
Ronald G. Geary	Attorney, Louisville, Kentucky
Edythe Jones Hayes	Assistant Superintendent, Fayette County Public Schools, Lexington, Kentucky
T. A. Lassetter*	Site General Manager, International Business Machines Corporation, Lexington, Kentucky
Brereton C. Jones	Owner and Operator of Airdrie Stud, Midway, Kentucky
W. Bruce Lunsford	Attorney, Lexington, Kentucky
Bobby Watson	President, Witoga, Inc., Owensboro, Kentucky
Frank Ramsey, Jr.	Business Owner, (Various Interests), Madisonville, Kentucky
Constance P. Wilson	Professor, College of Social Work, University of Kentucky, Lexington, Kentucky
Timothy A. Cantrell	Professor, Madisonville Community College, Madisonville, Kentucky
James A. Kemp	Professor, College of Agriculture, University of Kentucky, Lexington, Kentucky
Albert Benjamin Chandler**	Former Governor, Commonwealth of Kentucky Lexington, Kentucky

* Members of Executive Committee

** Honorary Member (non-voting)

DESCRIPTION OF THE SERIES D BONDS

Authority

The Series D Bonds are being issued and sold pursuant to a Series D Resolution adopted by the Board on June 25, 1986, and pursuant to authority contained in Sections 162.340 through 162.380 of the Kentucky Revised Statutes.

Terms

The Series D Bonds are dated October 1, 1986, will bear interest payable May 1, 1987, and semiannually thereafter on each May 1 and November 1 at rates to be established by the University upon acceptance of a bid for said Bonds, and, subject to the redemption provisions set forth below, will mature on the dates and in the amounts set forth on the cover page hereof and in the Series D Resolution.

Denominations And Payment

The Series D Bonds shall be issued only as fully registered bonds in the denominations of \$5,000, or any integral multiple thereof. Principal shall be payable at the principle office of CommerceNational Bank, Lexington, Kentucky (the "Paying Agent"), and interest shall be payable by check or draft mailed by the Paying Agent to the registered owners thereof of record as of the close of business on the 15th day of the month preceding each interest payment date (April 15 and October 15).

Optional Redemption Provisions

The Series D Bonds maturing May 1, 1997 and thereafter shall be subject to redemption at the option of the Board prior to maturity in whole or in part (less than all of a single maturity to be selected by lot), in inverse order of maturity, on any interest payment date on or after May 1, 1996, at the redemption prices, expressed in percentages of the principal amount with respect to each redeemed Series D Bond as set forth below, plus accrued interest to the date of redemption:

On or after May 1, 1996, and prior to May 1, 1999 at 103%
On or after May 1, 1999, and prior to May 1, 2003 at 102%
On or after May 1, 2003, at 101%

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Series D Bond Proceeds	\$9,030,000
Less Discount	<u>-180,600</u>
	<u>\$8,849,400</u>

Uses of Funds

Escrow Investment	\$8,812,340
Costs of Issuance of Bonds	36,120
Surplus	<u>940</u>
	<u>\$8,849,400</u>

PURPOSE

The Series D Bonds are being issued for the purpose of refinancing, advance refunding and redeeming the outstanding Prior Bonds in order to accomplish an interest rate saving.

SECURITY FOR THE BONDS

These Series D Bonds, together with the Series A, Series B, Series C and Series E Bonds and additional parity bonds which may hereafter be issued and outstanding under the terms of the Basic Resolution and subsequent

resolutions, will be payable from and will constitute a paramount charge upon the revenues (the "Revenues") to be derived by the University from the operation of its Community Colleges Educational Buildings Project (the "Project") (subject to a prior pledge of revenues of one Community College prior to its joining the Community College System). The fee imposed upon and collected from all students enrolled in the Community Colleges as an incident to registration at the beginning of each semester of the regular academic year and each summer session, including fees imposed for part time students, night school and extension courses is designated as the source of Revenues of the Project. All collections of the student registration fee are to be set aside, as received, into the Community Colleges Educational Buildings Project Revenue Fund (the "Revenue Fund") and are made subject to the lien and paramount charge for the security and source of payment of all outstanding Community Colleges Educational Buildings Revenue Bonds.

As further security for the Series D Bonds, there is created and granted by Sections 162.350 and 162.200 of the Kentucky Revised Statutes a statutory mortgage lien upon the Project.

DISPOSITION OF SERIES D BOND PROCEEDS

There shall first be deposited into the Bond Fund (defined herein below) with the CommerceNational Bank, Lexington, Kentucky, (the "Trustee"), the amount received as accrued interest, if any, on the Series D Bonds from their date to the date of delivery.

Sufficient proceeds shall then be deposited with the Trustee for the payment and retirement of the Series D Bonds through an escrow of investments (the "Escrow Investments") which, with its income, will pay the principal and interest on the Prior Bonds until May 1, 1993 and will pay the principal of and all premium on the Prior Bonds which were to have matured May 1, 1994 through May 1, 2008 in the amount of \$6,675,000.

CERTAIN PROVISIONS OF THE BASIC RESOLUTION

On May 6, 1969, the Board adopted the Resolution which created the Project and authorized the issuance of its Community Colleges Educational Buildings Revenue Bonds. The Project consists of all existing educational buildings and necessary appurtenances and all such buildings hereafter erected on property owned by the University at a Community College, excluding housing facilities and facilities used exclusively for athletics.

The following statements are intended to provide only brief summaries of selected pertinent provisions of the Resolution. For detailed and complete information, reference is hereby made to the Resolution, copies of which are on file with the University and with the Trustee. For purposes of this description, the Resolution and the Series A, B, C, D, E and D (Second Series), Series Resolutions, collectively, and the Bonds issued thereunder, collectively, shall be referred to as the "Resolutions" and the "Bonds", respectively.

Application of Revenues

There is created and established a special fund known as the Community Colleges Educational Buildings Project Revenue Fund (the "Revenue Fund") in the custody of the Treasurer of the Board, separate and apart from other funds of the University. Such Revenue Fund shall be maintained so long as any of the Bonds are outstanding and unpaid 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 specified in these Resolutions. Upon the issuance and delivery of any Bonds pursuant to the Resolutions, all Revenues derived from the Project shall be deposited as collected in the Revenue Fund to be held and administered by the Treasurer of the Board and shall be paid out and applied for the uses and purposes set forth below.

1. *Bond and Interest Sinking Fund:* There is created and established a special account known as the Community Colleges Educational Buildings Project Bond and Interest Sinking Fund (the "Bond Fund") which is maintained by and in the custody of the Trustee so long as any Bonds are outstanding and unpaid. The Bond Fund shall be used by the Trustee to pay interest on the Bonds as the same become due from time to time and to pay and retire the Bonds as they become due, or as otherwise provided in the Resolutions. From and after the issuance of any Bonds and thereafter commencing 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 into 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 succeeding May 1, on all Bonds then outstanding.

2. *Reserve Fund:* For the purpose of creating and maintaining a reserve in the Bond Fund equal to the maximum Aggregate Principal, Interest and Bond Fund Charges (defined herein below), the amount to be set aside into the Bond Fund shall be 125% of the amounts set forth above until 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. Aggregate Principal, Interest and Bond Fund Charges is defined "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 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."

The amounts by which the above payments exceed the Aggregate Principal, Interest and Bond Fund Charges in any particular twelve month period shall be held in the Bond Fund as a reserve. Moneys in the Bond Fund in excess of the Aggregate Principal, Interest and Bond Fund Charges and the prescribed reserve may be used to purchase or redeem Bonds in advance of maturity.

When all required payments into the Bond Fund have been made in any particular twelve month period ending May 1, any moneys remaining in the Revenue Fund may be used by the Board in its discretion to pay the operating costs of the Project to the extent that such costs are not otherwise provided, or may be used for the purchase or retirement of Bonds in advance of maturity, or for any other lawful purpose.

Application of Bond Proceeds

Any amounts received upon delivery of a Series of Bonds in payment of accrued interest thereon shall be deposited by the Treasurer into the Bond Fund to be applied to the payment of interest next becoming due on said Series of Bonds.

Upon the delivery of a series of Bonds and after the deposit of accrued interest into the Bond Fund, there shall be established in the State Treasury of the Commonwealth of Kentucky an account designated as a University of Kentucky Community Colleges Educational Buildings Project - Bond Proceeds Series Construction Account (the "Construction Account") and proceeds of said Series of Bonds (remaining after the payment of interim loans) shall be deposited into said Construction Account and disbursements shall be made solely for defraying the costs of erecting and completing buildings and appurtenances which will become parts of the Community Colleges Educational Buildings Project and in accordance with inspection, audit and disbursement procedures provided by law. The aforesaid costs may include engineering, accounting, legal and fiscal expenses incurred in connection with the issuance of said series of Bonds.

Any balance remaining in the Construction Account after erection and completion of the authorized educational buildings and appurtenances and the payment of all costs in connection therewith shall be deposited in the Bond Fund: provided, that if proceedings are then pending or imminently contemplated for the construction or completion of one or more additional educational buildings which are or will be financed by the issuance of bonds under a Series Resolution, the balances may be taken into account in determining the amount of bonds to be authorized therefor, or may otherwise be applied to the proper costs thereof.

Additional Bonds

The Board covenants and agrees that it will not hereafter create or permit the creation of or issue any bonds which will have a priority over the charge on the Revenues or the payments to be made into the Bond Fund.

Additional bonds ranking on a parity with the Bonds outstanding may be issued only for the purpose of erecting and completing an educational building or buildings and necessary appurtenances which building or buildings shall become and constitute a part of the Project, provided:

1. that at the time of the issuance of the additional bonds there is no deficiency in the amounts required 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 the additional bonds, as indicated in a statement by the Treasurer of the Board 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 purpose of computing average annual Revenues, the Treasurer shall make an adjustment in the amount of annual Revenues to reflect any increase or decrease in the Student Registration Fee being imposed at the time for the services of the Project.

The issuance of such additional bonds shall be pursuant to the terms of an appropriate Series Resolution by the Board in accordance with the provisions of the Resolution.

Default and Remedies

The Resolution defines events of default, which include failure to pay principal or any installment of interest when same become due; the Board's being rendered incapable of fulfilling its obligations under the Resolution; any buildings representing a part of the Project being destroyed or damaged and not being repaired or replaced and insurance proceeds not being deposited in the Bond Fund; an order or decree being entered appointing a Receiver of all or part of the Project or Revenues therefrom; and failure after written notice by the Trustee (who is required to give such notice at the written request of the owners of 15% in aggregate amount of the outstanding Bonds) to perform any covenant in the Resolution or any Series Resolution, in each case within or for the specified period of grace, if any.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (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 been 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 under the Resolution 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 Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Resolution) 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 owners of not less than twenty-five percent (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.

The Series D Resolution provides that, upon the failure to observe or cause to be observed, or refusal to comply with, any covenants in the Series D Resolution then in effect, respecting H.R. 3838 (see "Pending Federal Tax Legislation"), the Trustee and the owners of Bonds issued under the Basic Resolution shall be entitled to the rights and remedies provided in the Basic Resolution other than the right (which is abrogated solely as to the Board's failure to observe or cause to be observed, or refusal to comply with, the covenants in the Series D Resolution respecting H.R. 3838) to declare the principal of all Bonds then outstanding, and the interest accrued thereon, to be due and payable by reason of an event of default.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may proceed, and upon the written request of the owners of not less than fifteen percent (15%) in principal amount of the Bonds then outstanding under the Resolution shall proceed to protect and enforce its rights and the rights of the bondowners 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 from the Board for principal, interest or otherwise under any of the provisions of the Resolution or any Series Resolution or of the Bonds and unpaid together with any and all costs and expenses of collection and of all proceedings under the Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the bondowners, and to recover and enforce judgment or decree against the Board, but solely as provided in the Resolution 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.

Other Covenants of the Board

The Board covenants with the owners of the Bonds, among other things, the following:

1. that it will establish, maintain and collect, as long as any Bonds are outstanding, such student registration fees for the services of the Project as may be necessary (a) to pay the interest on and principal of the Bonds as they respectively mature, to provide reserves therefor and (b) to pay the operating costs of the Project to the extent they are not otherwise provided. In order to assure full and continuous performance of the covenant with a margin for contingencies and temporary unanticipated reduction in Revenues the Board further covenants and agrees to establish, maintain and collect such student registration fees 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;
2. that while any of the Bonds are outstanding, it will, except as hereinbefore set forth under "Application of Revenues", pay the current operating costs of the Project from available funds other than the Revenues derived from the Project;
3. that it will procure and maintain 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 80% of the full insurable value of the Project;
4. that unless provision is otherwise made by law for disposition by the Commonwealth of Kentucky of claims made against the University for bodily injury and/or death which may arise from operations of the Board, it will, if such insurance is not already in force, procure and maintain public liability insurance with limits of not less than \$100,000/\$300,000 to protect the Board from claims for bodily injury and/or death which may arise from the operation of the Board, including any use or occupancy of its grounds, structures, and vehicles;
5. that it will keep accurate financial records and proper books relating to the Project; that such records and books shall be open to inspection by the bondowners and their agents and representatives; and that not later than 90 days after the close of each fiscal year it will furnish to the Trustee, and to any bondowner who shall request the same in writing, copies of audit reports prepared by an independent certified public accountant or a firm of such 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;
6. 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 the Project shall at all times be conducted efficiently, properly and advantageously;
7. that 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 utility and efficiency, so that the value of the Project will at all times be fully maintained; and
8. that it will faithfully observe, do and perform all of its agreements and obligations provided for by the Bonds and the Resolutions.

GENERAL OPERATIONS OF THE COMMUNITY COLLEGES

Enrollment

The following schedule indicates the 1980-1986 fall semester full-time equivalent enrollment at all of the Community Colleges. The full-time equivalent enrollment calculation is made in accordance with the method used by the United States Department of Education.

Also shown is the 1980-1986 fall semester full-time equivalent enrollment at the University's main campus in Lexington, Kentucky.

<u>Year</u>	<u>Community Colleges</u>	<u>Lexington Campus</u>
1980	11,554	19,588
1981	12,184	19,589
1982	12,990	18,900
1983	14,134	18,119
1984	13,550	17,357
1985	13,398	17,047
1986	14,068	17,197

Enrollment by College for the Fall Semesters of 1984 and 1985 are as follows:

	<u>1984</u>	<u>1985</u>
Ashland	1,223	1,186
Elizabethtown	1,232	1,216
Hazard	410	396
Henderson	765	945
Hopkinsville	690	575
Jefferson	3,539	3,465
Lexington	1,527	1,486
Madisonville	670	613
Maysville	415	469
Paducah	1,141	1,022
Prestonsburg	797	857
Somerset	755	728
Southeast	386	440
Total	<u>13,550</u>	<u>13,398</u>

Using regional and national surveys of future college age population and historic enrollment data, and taking into consideration the policies of the Kentucky Council for Higher Education relating to enrollment requirements, the University has projected estimated 1986-1990 fall semester full-time equivalent enrollment at the Community Colleges as follows:

<u>Year</u>	<u>Estimated Enrollment</u>
1987	14,461
1988	14,947
1989	15,525
1990	15,600
1991	15,600

Student Registration Fee

The Board of Trustees with approval of the Kentucky Council for Higher Education has established a schedule of student registration fees to be imposed, charged and collected for the service of the Project from all students attending the Community Colleges. The present approved schedule of fees are as follows:

	<u>1985-86</u>	<u>1986-87</u>
Regular Semester		
Full-time Resident	\$260	\$270
Full-time Non-Resident	780	810
*Part-time Resident	22	23
*Part-time Non-Resident	65	68
Summer Session		
Full-time Resident	132	138
Full-time Non-Resident	390	408
*Part-time Resident	22	23
*Part-time Non-Resident	65	68

Summary of Income From Student Registration Fees

The proceeds received by the University from the imposition and collection of the student registration fees from students attending the Community Colleges constitute the Revenues of the Project. The above fees do not include a variety of incidental and miscellaneous fees charged and collected from the students, no part of which are pledged as Revenues of the Project or to the security of the Bonds.

<u>Academic Year</u>	<u>Total Fees Collected</u>
1986-87	\$8,432,250*
1985-86	7,884,683
1984-85	6,850,982
1983-84	6,666,410
1982-83	6,002,704
1981-82	5,462,549
1980-81	5,242,691
1979-80	4,466,640
1978-79	4,180,765
1977-78	4,689,126
1976-77	4,916,391

*Estimate

*per credit hour

COVERAGE OF DEBT SERVICE REQUIREMENTS

This calculation of coverage of debt service requirements as set forth below is based on the schedule of annual debt service requirements for the Community Colleges Educational Buildings Revenue Bonds as shown herein.

Calculation for Parity Bonds*

(Minimum Allowable Coverage - 1.25x)

Average of Adjusted Revenues 1984-85/1985-86	\$8,042,494
Estimated Maximum Annual Debt Service Requirement	2,555,250
Times Estimated Maximum Debt Service Covered	3.15x

1986-87 Estimated Project Revenues	\$8,432,250
Estimated Maximum Annual Debt Service Requirement	2,555,250
Times Estimated Maximum Debt Service Covered	3.30x

*Certified by Treasurer of the University

BOND FUND RESERVE

The Resolution requires the establishment (within four years following the issuance of a Series of Bonds) and maintenance of a reserve in the Bond Fund in an amount equal to the maximum aggregate principal, interest and bond fund charges in any future twelve month period. The Trustee reports that there is an amount on deposit in the Bond Fund Reserve equal to \$2,357,849, which amount equals the requirements of the Resolution for the Series A, B, C, and D Bonds.

OUTSTANDING BONDS OF THE UNIVERSITY

Educational Buildings				
Central Campus				
	<u>Year Of Issue</u>	<u>Amount Of Issue</u>	<u>Amount Outstanding 6/30/86</u>	<u>Year Of Final Maturity</u>
Consolidated Educational Buildings Revenue Bonds*				
Series B	1963	\$ 7,500,000	\$ 925,000	1988
Series C	1970	4,290,000	1,990,000	1996
Series D (Refunding)	1973	31,000,000	27,710,000	1999
Series E	1973	4,750,000	4,560,000	2002
Series F	1976	7,500,000	6,905,000	2002
Series G	1983	17,100,000	15,945,000	2003
Series H	1983	8,500,000	8,285,000	2003
Series I	1985	16,100,000	16,100,000	2006
Total			\$ 82,420,000	

* Annual debt service payable from student registration fees received from students enrolled on the main campus.

Community Colleges

	<u>Year Of Issue</u>	<u>Amount Of Issue</u>	<u>Amount Outstanding 6/30/86</u>	<u>Year Of Final Maturity</u>
Educational Buildings				
Revenue Bonds*				
Series A	1969	\$12,125,000	\$10,205,000	2009
Series B	1969	4,480,000	3,230,000	2009
Series C	1974	5,500,000	4,285,000	2004
Series D †	1982	7,800,000	7,565,000	2008
Series E	1986	2,890,000	2,890,000	2006
Total			\$ 28,175,000	

* Annual debt service payable from student registration fees received from students enrolled in the Community Colleges.

Housing and Dining

	<u>Year Of Issue</u>	<u>Amount Of Issue</u>	<u>Amount Outstanding 6/30/86</u>	<u>Year Of Final Maturity</u>
Housing and Dining System				
Revenue Bonds				
Series A	1965	\$ 1,000,000	\$ 190,000	1990
Series B	1965	275,000	225,000	1994
Series C	1965	955,000	365,000	1995
Series D	1965	1,835,000	725,000	1996
Series E	1965	1,580,000	700,000	1997
Series F	1965	1,155,000	705,000	2001
Series G	1965	1,375,000	1,170,000	2002
Series H	1965	6,900,000	1,040,000	1990
Series I	1965	20,000,000	17,360,000	2005
Series J	1978	1,900,000	1,750,000	2008
Series K	1978	4,584,000	4,100,000	2018
Series L	1986	3,790,000	3,790,000	2006
Total			\$ 32,120,000	

Fraternity and Sorority Dormitory Bonds

	<u>Year Of Issue</u>	<u>Amount Of Issue</u>	<u>Amount Outstanding 6/30/86</u>	<u>Year Of Final Maturity</u>
Revenue Bonds	1956	\$ 900,000	\$ 369,000	1996
Revenue Bonds	1956	\$ 150,000	\$ 61,000	1996
Revenue Bonds	1958	\$ 150,000	\$ 67,000	1998
Housing Bonds	1960	\$ 300,000	\$ 154,000	2000
Student Housing Bonds of 1964	1964	\$ 640,000	\$ 397,000	2004
Revenue Bonds (Rose Street)	1968	\$ 130,000	\$ 45,000	1994
Total			\$ 1,093,000	

NOTE: The above Fraternity and Sorority Dormitory Revenue Bonds are not secured by the pledge of the revenues of the Housing and Dining System nor do the facilities constitute a part of said System.

UNDERWRITING

The Underwriters will agree (in their selection as underwriters in a public competitive bid), subject to certain conditions, to purchase the Series D Bonds at an aggregate price of not less than 98% of par. The Underwriters are obligated to purchase all the Series D Bonds if any are purchased. The Series D Bonds may be offered and sold to certain dealers (including dealers depositing the Series D Bonds into investment trusts) and others at prices lower than public offering prices. The successful purchaser, immediately after his bid is accepted, shall be required to certify as to the amount of the reoffering price or prices.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations supporting the conclusions (i) of the University that principal amounts and the interest thereon of the Escrow Investments and other funds to be deposited in trust with the Trustee are adequate to provide for the payment, when due, of the principal of and the interest and applicable redemption premiums on the Bonds to be refunded, and (ii) of Special Tax Counsel that the Series D Bonds are not "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954 will be verified by Coopers & Lybrand, independent certified public accountants. Such verification will be based in part upon information supplied to Coopers & Lybrand by Haynes & Miller.

TAX EXEMPTION

Based upon existing law, including existing statutes, court decisions, regulations, and published rulings, and in reliance on the opinion of Special Tax Counsel that the Series D Bonds are not "arbitrage bonds" within the meaning of Section 103 (c) of the Internal Revenue Code of 1954, as amended, it is the opinion of Bond Counsel that interest on the Bonds is excludable from the gross income of the recipients for federal income tax purposes. It is Bond Counsel's further opinion that interest on the Series D Bonds is exempt from Commonwealth of Kentucky income taxes, and the Series D Bonds are exempt from all ad valorem taxes in the Commonwealth of Kentucky. See Special Tax Exemption Considerations and Covenants to Comply with the Tax Reform Act of 1986.

SPECIAL TAX EXEMPTION CONSIDERATIONS

Potential bidders are reminded that at the time that these Series D Bonds are offered for sale, the "Tax Reform Act of 1986", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), has been passed by the House of Representatives and the United States Senate but has not been signed by the President of the United States.

In order to assure purchasers of the Series D Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Series D Bonds may constitute an item of "tax-preference" in the income of certain corporations and/or certain other bondowners because of the nature of the total tax-preference items of such bondowners), the University covenants to and with the owners of such Series D Bonds that (1) the University will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the University will take no action which will violate any of the provisions of such Tax Law, and (3) none of the proceeds of the Series D Bonds will be used for any purpose which would cause the interest on the Series D Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if signed into law as same exists at the time of issuance of the Series D Bonds.

The University reserves the right to amend the Resolution and/or the Series D Resolution authorizing these Series D Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel be deemed necessary to assure that interest on the Series D Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the bondowners) to eliminate or reduce any restrictions concerning the projects financed by the Bonds being defeased, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project. The purchasers of the Series D Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the University as part of the consideration for the purchase of such Series D Bonds.

To the extent that the University obtains an opinion of nationally recognized bond counsel to the effect that non-compliance would not subject interest on the Series D Bonds to Federal income taxes or Kentucky income taxes, the University shall not be required to comply with the foregoing provisions.

Bond Counsel will render the customary opinion as to exemption of principal of the Series D Bonds from ad valorem taxation and as to exemption of interest on the Series D Bonds from Federal and Kentucky income taxation, assuming that the University complies with the aforesaid covenants made by the University with respect to compliance with the provisions of the Tax Law, except that with respect to certain corporation and/or certain other bondowners, such interest may be included in an alternative calculation of taxable income; and said opinion will state that Bond Counsel has relied upon the opinion of Haynes & Miller, Special Tax Counsel, (a) that the Series D Bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and (b) with respect to certain matters related to the Tax Law referred to herein.

COVENANT TO COMPLY WITH TAX REFORM ACT OF 1986

The Tax Law, if signed, will amend existing law by imposing new requirements and new limitations on the use and investments of the proceeds of the Series D Bonds. If it becomes law, failure to comply with such requirements and limitations would cause interest on the Series D Bonds to become subject to Federal income taxes as of the date of the issue. Pursuant to the Series D Resolution authorizing the Series D Bonds, the Board makes covenants with respect to compliance with such requirements and limitations and agrees to make any amendments to the Resolution and the Series D Resolution necessary therefor.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series D Bonds, or in any way contesting or affecting the validity of the Series D Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Series D Bonds or the due existence or powers of the University.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Series D Bonds are subject to the approval of Rubin & Hays, Louisville, Kentucky, Bond Counsel. The unqualified approving legal opinion of Bond Counsel will be printed on the Series D Bonds and will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the Series D Bonds under the headings "Description of the Series D Bonds," "Security for the Bonds," "Disposition of Series D Bond Proceeds," "Certain

Provisions of the Basic Resolution," "Tax Exemption," and "Pending Federal Tax Legislation" and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Said firm has not otherwise participated in the preparation of the Official Statement and has not verified the accuracy or completeness of the information contained under the headings "The University of Kentucky," "General Operations of the Community Colleges," "Estimated Sources and Uses of Funds," "Coverage of Debt Service Requirements," "Bond Fund Reserve," "Outstanding Bonds of the University," nor of any financial information, enrollment figures, projections, or computations relating thereto, and therefore can make no representation with respect to such information. The matters set forth under "Absence of Material Litigation" will be contained in a "No-Litigation Certificate" which will be delivered with the Series D Bonds.

FINANCIAL ADVISOR

The Series D Bonds will be sold by the solicitation and receipt of sealed, competitive bids. Dupree & Company, Inc., Lexington, Kentucky, Financial Advisor to the University, has requested, and received, permission and approval of the Board to bid, either alone or in conjunction with others, on the Series D Bonds. The Financial Advisor has expressed its intent to so bid.

APPROVAL OF ISSUANCE OF SERIES D BONDS

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes, the Resolution, and the Series D Resolution contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Series D Resolution may be obtained from Dupree & Company, Inc., P.O. Box 1149, Lexington, Kentucky 40589.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or owners of any of the Series D Bonds.

UNIVERSITY OF KENTUCKY

BY /s/ Robert T. McCowan

**Robert T. McCowan, Chairman
Board of Trustees**

ATTEST:

/s/ George W. Griffin

**George W. Griffin
Secretary**

FCR 7

Members, Board of Trustees:

RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$9,010,000 PRINCIPAL AMOUNT OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED OCTOBER 1, 1986; FIXING THE PRECISE AMOUNT OF SUCH BONDS TO BE ISSUED AT THAT AMOUNT; FIXING THE REVISED MATURITIES THEREOF; AND AUTHORIZING THE FURNISHING OF A NOTICE OF REDEMPTION OF CERTAIN OUTSTANDING BONDS DATED DECEMBER 1, 1982, TO THE RESPECTIVE OWNERS OF SUCH BONDS OF 1982.

Recommendation: that the Board of Trustees approve a Resolution accepting the successful bid of Seasongood & Mayer, Cincinnati, Ohio, with reference to the sale of the \$9,010,000 of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D, (Second Series), dated October 1, 1986, at a net interest cost of 7.0582%. The respective years in which the Bonds mature and the interest rates are thereby set forth:

<u>YEAR</u> <u>MATURITY</u> <u>MAY 1</u>	<u>PRINCIPAL</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATES</u>	<u>YEAR</u> <u>MATURITY</u> <u>MAY 1</u>	<u>PRINCIPAL</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATES</u>
1987	\$155,000	4.00%	1998	\$340,000	6.70%
1988	190,000	4.70%	1999	365,000	6.80%
1989	200,000	5.20%	2000	400,000	6.875%
1990	210,000	5.35%	2001	430,000	6.90%
1991	220,000	5.50%	2002	460,000	7.00%
1992	235,000	5.75%	2003	495,000	7.00%
1993	250,000	6.00%	2004	540,000	7.05%
1994	270,000	6.15%	2005	740,000	7.10%
1995	285,000	6.30%	2006	805,000	7.125%
1996	300,000	6.45%	2007	370,000	7.15%
1997	315,000	6.60%	2008	935,000	7.20%

Background: These are advance refunding bonds for the purpose of effecting a substantial savings in the net interest cost of the outstanding Bonds, Series D, dated December 1, 1982, which bear interest at rates ranging from 8% to 10.20% per annum. It is the belief of the Finance Committee that there are sufficient substantial interest cost savings to justify the acceptance of such bid.

The best bid produced a total savings to the University of \$1,222,931 with a present value of \$645,541.

Annual savings are in the range of \$55,000 - \$56,000.

Six bids were received and tabulated as follows:

Seasongood & Mayer	7.0582%
Merrill Lynch Pierce Fenner & Smith Inc.	7.0801%
Smith Barney, Harris Upham & Co. Inc.	7.120289%
J. C. Bradford & Co.	7.19203%
Shearson Lehman Brothers	7.200877%
Morgan Guaranty Trust Company of New York	7.2048%

Action: Approved ☒ Disapproved ☐ Other ☐

Date: October 14, 1986

RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY ACCEPTING THE SUCCESSFUL BID FOR THE PURCHASE OF \$9,030,000 PRINCIPAL AMOUNT OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED OCTOBER 1, 1986; FIXING THE PRECISE AMOUNT OF SUCH BONDS TO BE ISSUED AT THAT AMOUNT; FIXING THE REVISED MATURITIES THEREOF; AND AUTHORIZING THE FURNISHING OF A NOTICE OF REDEMPTION OF CERTAIN OUTSTANDING BONDS DATED DECEMBER 1, 1982, TO THE RESPECTIVE OWNERS OF SUCH BONDS OF 1982.

WHEREAS, Notice of Sale of \$9,030,000 principal amount of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986, has heretofore been advertised and information as to such sale distributed in strict compliance with all legal requirements, which action is hereby authorized, ratified and confirmed, and

WHEREAS, all bids received for the purchase of said Bonds from the University have been duly considered and are as follows:

1.	2.	3.	4.	5.
<u>BIDDERS</u>	<u>MATURITIES May 1</u>	<u>INTEREST RATES</u>	<u>AMOUNTS BID FOR SAID \$9,030,000 PRINCIPAL AMOUNT OF BONDS, PLUS ACCRUED INTEREST FROM OCTOBER 1, 1986</u>	<u>NET INTEREST COST</u>
Seasongood & Mayer	1987	4.00%	\$8,883,262.50	\$9,129,338.23 @ 7.0582%
	1988	4.70%		
	1989	5.20%		
	1990	5.35%		
	1991	5.50%		
	1992	5.75%		
	1993	6.00%		
	1994	6.15%		
	1995	6.30%		
	1996	6.45%		
	1997	6.60%		
	1998	6.70%		
	1999	6.80%		
	2000	6.875%		
	2001	6.90%		
	2002	7.00%		
	2003	7.00%		
	2004	7.05%		
	2005	7.10%		
	2006	7.125%		
	2007	7.15%		
	2008	7.20%		

1.	2.	3.	4.	5.
<u>BIDDERS</u>	<u>MATURITIES May 1</u>	<u>INTEREST RATES</u>	<u>AMOUNTS BID FOR SAID \$9,030,000 PRINCIPAL AMOUNT OF BONDS, PLUS ACCRUED INTEREST FROM OCTOBER 1, 1986</u>	<u>NET INTEREST COST</u>
Merrill Lynch Capital Markets & Associates	1987	4.50%	\$8,850,212.70	\$9,157,597.86 7.0801%
	1988	5.00%		
	1989	5.20%		
	1990	5.40%		
	1991	5.60%		
	1992	5.80%		
	1993	6.00%		
	1994	6.20%		
	1995	6.35%		
	1996	6.50%		
	1997	6.60%		
	1998	6.70%		
	1999	6.80%		
	2000	6.90%		
	2001	7.00%		
	2002	7.00%		
	2003	7.10%		
	2004	7.10%		
	2005	7.10%		
	2006	7.10%		
	2007	7.10%		
	2008	7.10%		
Smith Barney, Harris Upham & Co., Inc.	1987	4.75%	\$8,851,809.95	7.120289%
	1988	5.00%		
	1989	5.25%		
	1990	5.50%		
	1991	5.70%		
	1992	5.90%		
	1993	6.10%		
	1994	6.30%		
	1995	6.40%		
	1996	6.60%		
	1997	6.75%		
	1998	6.75%		
	1999	7.00%		
	2000	7.00%		
	2001	7.00%		
	2002	7.00%		
	2003	7.125%		
	2004	7.125%		
	2005	7.125%		
	2006	7.125%		
	2007	7.125%		
	2008	7.125%		

1.	2.	3.	4.	5.
<u>BIDDERS</u>	<u>MATURITIES May 1</u>	<u>INTEREST RATES</u>	<u>AMOUNTS BID FOR SAID \$9,030,000 PRINCIPAL AMOUNT OF BONDS, PLUS ACCRUED INTEREST FROM OCTOBER 1, 1986</u>	<u>NET INTEREST COST</u>
J. C. Bradford	1987	4.50%	\$8,849,400.00	\$9,302,353.13
Johnston, Brown,	1988	5.00%		
Burnett & Knight	1989	5.25%		7.19203%
Inc.	1990	5.50%		
	1991	5.75%		
	1992	6.00%		
	1993	6.10%		
	1994	6.25%		
	1995	6.40%		
	1996	6.60%		
	1997	6.75%		
	1998	6.90%		
	1999	7.00%		
	2000	7.05%		
	2001	7.10%		
	2002	7.15%		
	2003	7.20%		
	2004	7.20%		
	2005	7.20%		
	2006	7.20%		
	2007	7.20%		
	2008	7.20%		
Shearson Lehman	1987	4.25%	\$8,849,400.00	\$9,313,793.75
Brothers, Inc.	1988	4.75%		
	1989	5.25%		7.200877%
	1990	5.50%		
	1991	5.70%		
	1992	5.80%		
	1993	6.00%		
	1994	6.20%		
	1995	6.40%		
	1996	6.60%		
	1997	6.75%		
	1998	6.90%		
	1999	7.00%		
	2000	7.10%		
	2001	7.10%		
	2002	7.10%		
	2003	7.20%		
	2004	7.20%		
	2005	7.20%		
	2006	7.20%		
	2007	7.25%		
	2008	7.25%		

1.	2.	3.	4.	5.
<u>BIDDERS</u>	<u>MATURITIES</u> <u>May 1</u>	<u>INTEREST</u> <u>RATES</u>	AMOUNTS BID FOR SAID \$9,030,000 PRINCIPAL AMOUNT OF BONDS, PLUS ACCRUED INTEREST FROM <u>OCTOBER 1, 1986</u>	<u>NET</u> <u>INTEREST</u> <u>COST</u>
Morgan Guaranty	1987	4.00%	\$8,868,238.00	\$9,318,938.00
Trust Company of	1988	4.50%		
New York	1989	5.00%		7.2048%
	1990	5.25%		
	1991	5.50%		
	1992	5.75%		
	1993	6.00%		
	1994	6.20%		
	1995	6.40%		
	1996	6.60%		
	1997	6.75%		
	1998	6.90%		
	1999	7.00%		
	2000	7.10%		
	2001	7.10%		
	2002	7.20%		
	2003	7.25%		
	2004	7.25%		
	2005	7.25%		
	2006	7.25%		
	2007	7.25%		
	2008	7.25%		

WHEREAS, the matter of which bid is the most advantageous and with the most favorable net interest cost to the University has been sufficiently considered, and

WHEREAS, prospective bidders were informed in the Notice of Bond Sale and in the Official Terms and Conditions of Sale of Bonds applicable to said Bonds, that the University has retained the right to increase or decrease the total amount of Bonds sold to the best bidder, and that the price at which such adjusted amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price bid in the successful bid per \$1,000 of Bonds for the \$9,030,000 of Bonds initially offered for sale, and

WHEREAS, it has been determined that the University shall adjust the amount of such Bonds to be issued and sold to a total of \$ 9,010,000.00 , bearing the maturities hereinafter set out,

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AS FOLLOWS:

SECTION 1.

Determination of Best Bid; Acceptance

That the bid of SEASONGOOD & MAYER

for the purchase of said \$9,030,000 principal amount of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated October 1, 1986, be accepted and confirmed, said bid being at a price of \$ 8,883,262.50 for said \$9,030,000 principal amount of Bonds, plus accrued interest from October 1, 1986, to the date of delivery of the Bonds, such interest to be payable on May 1, 1987 and semiannually thereafter at the interest rates hereinafter set out, and being a bid at an

average net interest cost to the University of 7.0582 % per annum; and said bid is hereby determined to be the best bid and with the most favorable net interest cost to the University for the Bonds; provided, however, that pursuant to the rights reserved by the University to increase or decrease the total amount of Bonds sold to the best bidder, it is hereby determined that the total amount of Bonds to be issued and to be awarded to such successful bidder will be \$ 9,010,000.00 of Bonds, at an adjusted price of \$8,863,587.50 (plus accrued interest) for said adjusted amount of Bonds, and that accordingly, the maturities and the interest rates applicable to said maturities, based on such adjusted bid, for the revised amount of \$9,010,000 of Bonds, shall be as follows:

<u>YEAR OF MATURITY MAY 1</u>	<u>PRINCIPAL MATURITY</u>	<u>INTEREST RATES</u>	<u>YEAR OF MATURITY MAY 1</u>	<u>PRINCIPAL MATURITY</u>	<u>INTEREST RATES</u>
1987	\$ <u>155,000</u>	<u>4.00 %</u>	1998	\$ <u>340,000</u>	<u>6.70 %</u>
1988	<u>190,000</u>	<u>4.70 %</u>	1999	<u>365,000</u>	<u>6.80 %</u>
1989	<u>200,000</u>	<u>5.20 %</u>	2000	<u>400,000</u>	<u>6.875 %</u>
1990	<u>210,000</u>	<u>5.35 %</u>	2001	<u>430,000</u>	<u>6.90 %</u>
1991	<u>220,000</u>	<u>5.50 %</u>	2002	<u>460,000</u>	<u>7.00 %</u>
1992	<u>235,000</u>	<u>5.75 %</u>	2003	<u>495,000</u>	<u>7.00 %</u>
1993	<u>250,000</u>	<u>6.00 %</u>	2004	<u>540,000</u>	<u>7.05 %</u>
1994	<u>270,000</u>	<u>6.15 %</u>	2005	<u>740,000</u>	<u>7.10 %</u>
1995	<u>285,000</u>	<u>6.30 %</u>	2006	<u>805,000</u>	<u>7.125 %</u>
1996	<u>300,000</u>	<u>6.45 %</u>	2007	<u>870,000</u>	<u>7.15 %</u>
1997	<u>315,000</u>	<u>6.60 %</u>	2008	<u>935,000</u>	<u>7.20 %</u>

and the interest rates on said \$9,010,000.00 of Bonds are hereby fixed at the rates set out in said successful bid.

SECTION 2.

All Other Bids Rejected;
Return of Good Faith Checks of Unsuccessful Bidders

That all other bids are hereby rejected, and the Secretary of the University is ordered to return the good faith checks of unsuccessful bidders immediately. The good faith check of the successful purchaser will be cashed by the University and credited (without interest) against the purchase price of the Bonds.

SECTION 3.

Delivery of Bonds;
Application of Proceeds

That said Bonds shall be delivered by the Treasurer and/or other appropriate officials of the University in accordance with the terms of the Resolutions authorizing the Bonds, adopted by the University on June 25 and October 14, 1986, as soon as said Bonds are printed, executed, authenticated, and ready for delivery in accordance with such Resolutions, and all of the proceeds of the Bonds shall be used only as provided in said Resolution.

SECTION 4.

Notice of Redemption of Bonds of 1982

That a Notice of Redemption of Bonds with reference to the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982 (the "Bonds of 1982"), calling for redemption on May 1, 1993, all of the Bonds of 1982 scheduled to mature on May 1, 1994, and thereafter, shall be given as required by the Resolution authorizing such Bonds immediately after delivery of the Bonds dated October 1, 1986. As a matter of convenience to the owners of such Bonds of 1982 scheduled to mature on or after May 1, 1994, such Notice may be given again shortly

before the scheduled redemption date, but such additional Notice shall not be considered to be an additional legal requirement of such redemption. Said Notice, in the form submitted to the University on this date, is hereby approved, and a copy of same is hereby ordered to be duly recorded with the Minutes of the meeting of the University at which this Resolution is adopted.

SECTION 5.

Acceptance of Bid is Subject to Approving
Legal Opinions of Bond Counsel and Special Tax Counsel

That said bid is accepted subject to the condition that such acceptance subjects the University to no obligation to deliver the Bonds of 1986 if for any reason the University is unable to obtain the final approving legal opinion of the firm of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, as to said Bonds, together with the separate approving legal opinion of Haynes & Miller, Washington, D. C., with respect to compliance with the requirements for tax-exempt Bonds (including the "arbitrage rules") of Section 103 of the Internal Revenue Code of 1954, as amended, or if such Bonds shall be subject to ad valorem taxation by the Commonwealth of Kentucky, or if the receipt of interest on said Bonds shall be subject to income taxation by the Federal Government or by the Commonwealth of Kentucky, prior to or on the delivery date of said Bonds; and the purchasers shall not be required to take delivery of said Bonds without the final approving opinions of said attorneys accompanying said Bonds, or if said Bonds or the interest thereon should become subject to such ad valorem or income taxation prior to such delivery.

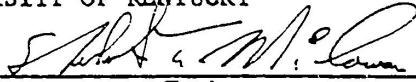
SECTION 6.

Repeal of Conflicting Resolutions

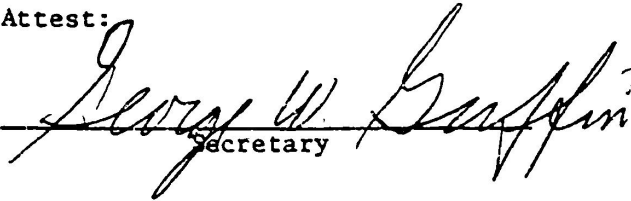
That all resolutions, or parts thereof, in conflict herewith, be and the same are hereby amended or repealed to the extent of such conflict, and this Resolution shall be effective immediately upon its adoption.

Passed and adopted by the Board of Trustees of the University of Kentucky at a properly convened meeting of the University held on October 14, 1986.

BOARD OF TRUSTEES
UNIVERSITY OF KENTUCKY

By 
Chairman

Attest:

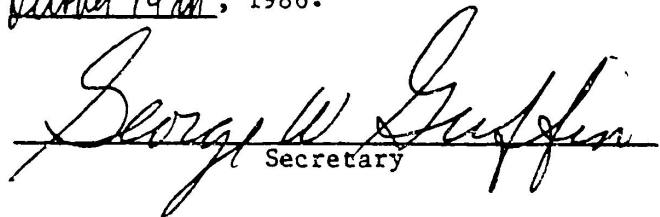

Secretary

CERTIFICATE

I hereby certify that I am the duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, that the foregoing is a true copy of a Resolution adopted by such University, signed by the Chairman of the Board and attested under seal by me as Secretary of the Board at a properly convened meeting of said University held on October 14, 1986, as shown by the official records of said University in my custody and under my control.

I certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked, or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official seal of said University this October 14th, 1986.


Secretary

