

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, December 13, 1960.

The Board of Trustees of the University of Kentucky met in the President's Office on the campus of the University at 10:20 a. m. , CST, Tuesday, December 13, 1960, with the following members present: Governor Bert T. Combs, Chairman; Dr. R. W. Bushart, Floyd H. Wright, Dr. Paul B. Hall, J. Stephen Watkins, R. P. Hobson, Robert H. Hillenmeyer, Harper Gatton, Dr. Ralph J. Angelucci, Dr. H. B. Murray, Dr. Thomas D. Clark and Dr. Aubry Brown. Absent: Mrs. Paul G. Blazer, W. F. Foster, Wendell Butler, Emerson Beauchamp and Clifford Smith. Present also were President Frank G. Dickey and Secretary Frank D. Peterson.

A. Meeting Opened.

Chairman Combs, having ascertained that a quorum was present for the transaction of business, called the meeting to order and asked the Reverend Ard Hoven of the Broadway Christian Church, Lexington, Ky. , to open the meeting with prayer.

B. Minutes Approved.

Upon motion duly made, seconded and carried, the minutes of the Board of Trustees of September 20, 1960, and the minutes of the Executive Committee of October 21 and November 2, 1960, were approved as published.

C. Financial Report of the Treasurer.

Mr. Peterson gave the financial report as follows:



UNIVERSITY  OF KENTUCKY  
LEXINGTON

December 7, 1960

Dr. Frank G. Dickey, President  
University of Kentucky  
Lexington  
Kentucky

Dear Doctor Dickey:

I am submitting herewith the Financial Report of the University of Kentucky for the five months ended November 30, 1960. This report contains a balance sheet and related financial statements which present a complete financial picture of the period for all funds of the University.

The Current General Fund budgetary operations for the period reflect income realized for educational and general purposes in the amount of \$ 9,588,363.26 or 54.3% of the budget estimate of \$ 17,650,880.10. The expenditures, including encumbrances outstanding amount to \$ 7,087,304.65. This represents 41.0 % of the total Current General Fund Appropriations of \$ 17,284,339.86.

Respectfully submitted,



Frank D. Peterson  
Vice President  
Business Administration

University of Kentucky  
Balance Sheet  
November 30, 1960

ASSETS

|                                         |    |              |                         |
|-----------------------------------------|----|--------------|-------------------------|
| <b>I. Current Funds:</b>                |    |              |                         |
| <b>A. General-</b>                      |    |              |                         |
| Cash in Bank                            | \$ | 521,568.54   |                         |
| Available Balance, State Appropriations |    | 1,830,789.08 |                         |
| Cash on Deposit, State Treasurer        |    | 1,596,584.66 |                         |
| Inventories                             |    | 399,721.03   |                         |
| Deferred Charges                        |    | 52,666.20    |                         |
| Accounts Receivable                     |    | 35,419.64    |                         |
| Unrealized Income                       |    | 8,546,586.44 |                         |
| Due from Other Funds                    |    | 121,667.74   |                         |
|                                         |    | <hr/>        |                         |
| Total General                           |    |              | \$ 13,105,003.33        |
| <b>B. Restricted-</b>                   |    |              |                         |
| Cash in Bank                            | \$ | 555,202.29   |                         |
| Petty Cash Advances                     |    | 18,166.12    |                         |
| Investments                             |    | 2,689,302.61 |                         |
|                                         |    | <hr/>        |                         |
| Total Restricted                        |    |              | <u>3,262,671.02</u>     |
| Total Current Funds                     |    |              | <u>\$ 16,367,674.35</u> |
| <b>II. Loan Funds-</b>                  |    |              |                         |
| Cash in Bank                            | \$ | 88,502.57    |                         |
| Notes Receivable                        |    | 280,866.00   |                         |
| Investments                             |    | 30,500.00    |                         |
|                                         |    | <hr/>        |                         |
| Total Loan Funds                        |    |              | <u>\$ 399,868.57</u>    |
| <b>III. Endowment Funds-</b>            |    |              |                         |
| Cash in Bank                            | \$ | 20,780.78    |                         |
| Investments                             |    | 216,455.49   |                         |
|                                         |    | <hr/>        |                         |
| Total Endowment Funds                   |    |              | <u>\$ 237,236.27</u>    |

b

University of Kentucky  
Balance Sheet  
November 30, 1960

LIABILITIES

I. Current Funds:

A. General-

|                                       |                 |            |
|---------------------------------------|-----------------|------------|
| Reserve for Departmental Requisitions | \$ 1,530,460.19 |            |
| Reserve for Inventories               | 399,721.03      |            |
| Reserve for Auxiliary Enterprises     | 38,364.20       |            |
| Other Liabilities                     | 58,356.20       |            |
| Appropriation Balances                | 10,753,403.38   |            |
| Unappropriated Surplus:               |                 |            |
| Division of Colleges                  | \$ 108,219.00   |            |
| Medical Center                        | 25,788.21       |            |
| Agricultural Experiment Station       | 190,691.12      | 324,698.33 |

|               |  |                  |
|---------------|--|------------------|
| Total General |  | \$ 13,105,003.33 |
|---------------|--|------------------|

B. Restricted-

|                             |              |
|-----------------------------|--------------|
| Outstanding Check Liability | \$ 14,105.78 |
| Restricted Fund Balances    | 3,248,565.24 |

|                  |  |              |
|------------------|--|--------------|
| Total Restricted |  | 3,262,671.02 |
|------------------|--|--------------|

|                     |  |                  |
|---------------------|--|------------------|
| Total Current Funds |  | \$ 16,367,674.35 |
|---------------------|--|------------------|

II. Loan Funds-

|                               |               |           |
|-------------------------------|---------------|-----------|
| Due to Federal Government     | \$ 279,599.00 |           |
| Principal Balances:           |               |           |
| University Student Loans      | \$ 63,933.45  |           |
| University Contribution-Nat'l |               |           |
| Defense Educ. Act, 1958       | 31,066.55     | 95,000.00 |
| Expendable Balance            |               | 25,269.57 |

|                  |  |               |
|------------------|--|---------------|
| Total Loan Funds |  | \$ 399,868.57 |
|------------------|--|---------------|

III. Endowment Funds-

|                     |               |
|---------------------|---------------|
| Principal Balances  | \$ 228,767.26 |
| Expendable Balances | 8,469.01      |

|                       |  |               |
|-----------------------|--|---------------|
| Total Endowment Funds |  | \$ 237,236.27 |
|-----------------------|--|---------------|

University of Kentucky  
Balance Sheet  
November 30, 1960

ASSETS

IV. Plant Funds:

A. Unexpended Plant Funds-

|                                  |                 |
|----------------------------------|-----------------|
| Available Balance, State Appros. | \$ 9,230,390.58 |
| Cash on Deposit, State Treasurer | 2,077,775.84    |

|                              |                 |
|------------------------------|-----------------|
| Total Unexpended Plant Funds | \$11,308,166.42 |
|------------------------------|-----------------|

B. Retirement of Indebtedness Funds-

|                                  |             |
|----------------------------------|-------------|
| Cash in Bank                     | \$ 1,174.00 |
| Cash on Deposit, State Treasurer | 471,777.91  |
| Cash on Deposit, Trustee         | 144,283.63  |
| Investments                      | 368,886.60  |
| Unrealized Income                | 126,384.00  |
| Due from Other Funds             | 52,996.00   |

|                                        |              |
|----------------------------------------|--------------|
| Total Retirement of Indebtedness Funds | 1,165,502.14 |
|----------------------------------------|--------------|

C. Invested in Plant-

|                          |                 |
|--------------------------|-----------------|
| Land                     | \$ 3,583,588.79 |
| Buildings                | 44,376,037.27   |
| Equipment                | 13,513,811.22   |
| Construction in Progress | 21,996,215.76   |

|                         |               |
|-------------------------|---------------|
| Total Invested in Plant | 83,469,653.04 |
|-------------------------|---------------|

|                   |                 |
|-------------------|-----------------|
| Total Plant Funds | \$95,943,321.60 |
|-------------------|-----------------|

V. Agency Funds:

|              |                 |
|--------------|-----------------|
| Cash in Bank | (\$ 100,012.83) |
| Investments  | 125,967.19      |

|                    |              |
|--------------------|--------------|
| Total Agency Funds | \$ 25,954.36 |
|--------------------|--------------|

( cash overdraft )

d

University of Kentucky  
Balance Sheet  
November 30, 1960

LIABILITIES

IV. Plant Funds:

A. Unexpended Plant Funds-

|                                |                     |
|--------------------------------|---------------------|
| Reserve for Plant Requisitions | \$ 6,910,068.54     |
| Due to Other Funds             | 121,667.74          |
| Plant Appropriation Balance    | <u>4,276,430.14</u> |

|                              |               |
|------------------------------|---------------|
| Total Unexpended Plant Funds | 11,308,166.42 |
|------------------------------|---------------|

|                                     |                 |
|-------------------------------------|-----------------|
| B. Retirement of Indebtedness Funds | \$ 1,165,502.14 |
|-------------------------------------|-----------------|

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|                                        |              |
|----------------------------------------|--------------|
| Total Retirement of Indebtedness Funds | 1,165,502.14 |
|----------------------------------------|--------------|

C. Invested in Plant-

|                                 |                      |
|---------------------------------|----------------------|
| Bonds Payable                   | \$ 12,604,000.00     |
| Due to Other Governmental Units | 1,622,269.00         |
| Net Investment in Plant         | <u>69,243,384.04</u> |

|                         |                      |
|-------------------------|----------------------|
| Total Invested in Plant | <u>83,469,653.04</u> |
|-------------------------|----------------------|

|                   |                               |
|-------------------|-------------------------------|
| Total Plant Funds | <u><u>\$95,943,321.60</u></u> |
|-------------------|-------------------------------|

V. Agency Funds:

|                      |              |
|----------------------|--------------|
| Agency Fund Balances | \$ 25,954.36 |
|----------------------|--------------|

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|                    |                            |
|--------------------|----------------------------|
| Total Agency Funds | <u><u>\$ 25,954.36</u></u> |
|--------------------|----------------------------|

University of Kentucky  
Statement of Unrealized Income  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

|                                                     | GENERAL FUND    |                | INCOME         |
|-----------------------------------------------------|-----------------|----------------|----------------|
|                                                     | Estimated       | Realized       | Unrealized     |
| I. Educational and General:                         |                 |                |                |
| A. Student Fees-                                    |                 |                |                |
| Incidental fees and tuition                         | \$ 1,346,630.00 | \$ 611,011.32  | \$ 735,618.68  |
| Training School fees                                | 32,000.00       | 14,310.00      | 17,690.00      |
| Adult and Extension Education fees                  | 180,000.00      | 57,788.91      | 122,211.09     |
| Total Student Fees                                  | \$ 1,558,630.00 | \$ 683,110.23  | \$ 875,519.77  |
| B. State Appropriations-                            |                 |                |                |
| Division of Colleges                                | \$ 7,449,300.00 | \$4,125,500.00 | \$3,323,800.00 |
| Medical Center                                      | 1,975,300.00    | 1,070,300.00   | 905,000.00     |
| Geological Projects                                 | 503,860.00      | 478,860.00     | 25,000.00      |
| Agricultural Experiment Station                     | 1,100,650.00    | 620,150.00     | 480,500.00     |
| Agricultural Extension Service                      | 1,211,200.00    | 642,000.00     | 569,200.00     |
| Total State Appropriations                          | \$12,240,310.00 | \$6,936,810.00 | \$5,303,500.00 |
| C. Federal Grants-                                  |                 |                |                |
| Division of Colleges                                | \$ 150,529.60   | \$ 101,506.14  | \$ 49,023.46   |
| Agricultural Experiment Station                     | 895,089.00      | 520,996.00     | 374,093.00     |
| Agricultural Extension Service                      | 2,059,252.00    | 1,026,955.00   | 1,032,297.00   |
| Total Federal Grants                                | \$ 3,104,870.60 | \$1,649,457.14 | \$1,455,413.46 |
| D. Endowment Income-                                | \$ 47,069.50    | \$ 12,991.01   | \$ 34,078.49   |
| E. Sales and Services of Educational Departments-   |                 |                |                |
| Division of Colleges                                | \$ 25,000.00    | \$ 10,551.94   | \$ 14,448.06   |
| Agricultural Experiment Station                     | 675,000.00      | 295,442.94     | 379,557.06     |
| Total Sales and Services of Educational Departments | \$ 700,000.00   | \$ 305,994.88  | \$ 394,005.12  |
| Total Educational and General                       | \$17,650,880.10 | \$9,588,363.26 | \$8,062,516.84 |
| II. Service Enterprises:                            |                 |                |                |
| Post Office                                         | \$ 4,000.00     | \$ 2,714.15    | \$ 1,285.85    |
| III. Auxiliary Enterprises:                         |                 |                |                |
| Men's Residence Halls                               | \$ 364,857.00   | \$ 132,784.85  | \$ 232,072.15  |
| Women's Residence Halls                             | 430,186.00      | 179,474.40     | 250,711.60     |
| Total Auxiliary Enterprises                         | \$ 795,043.00   | \$ 312,259.25  | \$ 482,783.75  |
| Total General Fund Income                           | \$18,449,923.10 | \$9,903,336.66 | \$8,546,586.44 |

University of Kentucky  
Statement of Departmental Appropriations  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

| I. Educational and General            | Appropriation    | Expenditures    | Encumbrances    |                  |
|---------------------------------------|------------------|-----------------|-----------------|------------------|
|                                       |                  |                 | Outstanding     | Unencumbered     |
| A. General                            | \$ 330,441.05    | \$ 78,340.96    | \$ 5,798.71     | \$ 246,301.38    |
| B. General Expenses-                  |                  |                 |                 |                  |
| Student Services                      | \$ 418,008.93    | \$ 154,210.41   | \$ 7,751.55     | \$ 256,046.97    |
| Staff Welfare                         | 190,000.00       | 59,341.55       |                 | 130,658.45       |
| General Institutional Services        | 205,121.62       | 77,378.42       | 25,155.01       | 102,588.19       |
| Total General                         | \$ 813,130.55    | \$ 290,930.38   | \$ 32,906.56    | \$ 489,293.61    |
| C. Instruction and Departmental       |                  |                 |                 |                  |
| Research-                             |                  |                 |                 |                  |
| College of-                           |                  |                 |                 |                  |
| Agr. and Home Ec.                     | \$ 471,575.07    | \$ 182,061.67   | \$ 3,513.17     | \$ 286,000.23    |
| Arts and Sciences                     | 2,572,523.24     | 976,815.27      | 55,165.02       | 1,540,542.95     |
| Commerce                              | 322,950.03       | 122,296.82      | 1,181.07        | 199,472.14       |
| Dentistry                             | 23,550.00        |                 |                 | 23,550.00        |
| Education                             | 591,060.81       | 237,875.37      | 14,742.12       | 338,443.32       |
| Engineering                           | 649,847.82       | 262,812.12      | 5,340.22        | 381,695.48       |
| Law                                   | 147,882.74       | 56,433.23       | 4,414.15        | 87,035.36        |
| Medicine                              | 1,010,023.74     | 316,408.46      | 30,197.50       | 663,417.78       |
| Nursing                               | 97,818.71        | 32,801.45       | 714.52          | 64,302.74        |
| Pharmacy                              | 123,250.00       | 38,064.05       | 5,017.70        | 80,168.25        |
| Graduate School                       | 28,405.00        | 11,178.61       | 253.40          | 16,972.99        |
| Univ. Extended Programs               | 603,141.74       | 231,657.04      | 13,144.14       | 358,340.56       |
| Total Instruction and Departmental    |                  |                 |                 |                  |
| Research                              | \$ 6,642,028.90  | \$ 2,468,404.09 | \$ 133,683.01   | \$ 4,039,941.80  |
| D. Activities Relating to Educational |                  |                 |                 |                  |
| Departments                           | \$ 63,552.00     | \$ 22,416.76    | \$ 4,600.00     | \$ 36,535.24     |
| E. Organized Research-                |                  |                 |                 |                  |
| University Research                   | \$ 196,284.43    | \$ 66,892.24    | \$ 26,749.62    | \$ 102,642.57    |
| Agricultural Experiment Station       | 2,669,009.00     | 939,230.16      | 135,516.37      | 1,594,262.47     |
| Total Organized Research              | \$ 2,865,293.43  | \$ 1,006,122.40 | \$ 162,265.99   | \$ 1,696,905.04  |
| F. Extension and Public Services      |                  |                 |                 |                  |
| Univ. Ext. and Public Services        | \$ 813,235.50    | \$ 24,070.40    | \$ 548,186.73   | \$ 240,978.37    |
| Agr. Extension Service                | 3,270,452.00     | 1,309,887.18    | 10,107.04       | 1,950,457.78     |
| Total Extension and Public            |                  |                 |                 |                  |
| Services                              | \$ 4,083,687.50  | \$ 1,333,957.58 | \$ 558,293.77   | \$ 2,191,436.15  |
| G. Libraries                          | \$ 590,830.43    | \$ 224,647.56   | \$ 37,668.53    | \$ 328,514.34    |
| H. Operation and Maintenance of       |                  |                 |                 |                  |
| Physical Plant                        | \$ 1,895,376.00  | \$ 489,328.36   | \$ 237,939.99   | \$ 1,168,107.65  |
| Total Educational and General         | \$ 17,284,339.86 | \$ 5,914,148.09 | \$ 1,173,156.56 | \$ 10,197,035.21 |

University of Kentucky  
Statement of Departmental Appropriations  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

|                                   | Appropriation   | Expenditures    | Encumbrances<br>Outstanding | Unencumbered    |
|-----------------------------------|-----------------|-----------------|-----------------------------|-----------------|
| II. Service Enterprises:          |                 |                 |                             |                 |
| Post Office                       | \$ 29,330.00    | \$ 11,123.97    | \$ 200.00                   | \$ 18,006.03    |
| Medical Center                    | 50,625.00       | 22,190.25       | 4,673.61                    | 23,761.14       |
| Total Service Enterprises         | \$ 79,955.00    | \$ 33,314.22    | \$ 4,873.61                 | \$ 41,767.17    |
| III. Auxiliary Enterprises:       |                 |                 |                             |                 |
| Men's Residence Halls             | \$ 362,417.00   | \$ 163,021.59   | \$ 11,978.36                | \$ 187,417.05   |
| Women's Residence Halls           | 421,830.00      | 198,312.53      | 18,104.01                   | 205,413.46      |
| Total Auxiliary Enterprises       | \$ 784,247.00   | \$ 361,334.12   | \$ 30,082.37                | \$ 392,830.51   |
| IV. Hospital Activations          | \$ 119,113.26   | \$ 31,725.91    | \$ 13,649.32                | \$ 73,738.03    |
| V. Student Aid                    | \$ 13,800.00    | \$ 2,700.00     |                             | \$ 11,100.00    |
| VI. Working Capital               | \$ 90,000.00    | \$ 92,861.40    | \$ 119,216.32               | \$ 63,645.08    |
| VII. Clearing Accounts            | \$ 259.17       | \$ 25,825.79    | \$ 1,146.00                 | \$ 26,712.62    |
| VIII. Debt Service- Bonds Retired | \$ 53,000.00    | \$ 53,000.00    |                             | \$              |
| Debt Service-Reserve              | \$ 6,250.00     | \$ 6,250.00     |                             | \$              |
| Total Departmental Appropriations | \$18,430,964.29 | \$ 6,335,436.73 | \$ 1,342,124.18             | \$10,753,403.38 |

( negative figure )



University of Kentucky  
Statement of Plant Fund Appropriations  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

| I. Unexpended Plant Funds:              | Plant          |               |               |                |
|-----------------------------------------|----------------|---------------|---------------|----------------|
|                                         | Appropriations | Expenditures  | Encumbrances  | Balance        |
| Construction Experiment Station         | \$ 122,491.89  | \$ 6,231.71   | \$ 35,667.58  | \$ 80,592.     |
| University of Kentucky Electrical       |                |               |               |                |
| Distribution System                     | 1,000.00       |               | 1,000.00      |                |
| Holmes Hall-Univ. Approp.               | 44,781.49      |               |               | 44,781.        |
| Medical School-Plans and Spec.          | 6,088.94       |               |               | 6,088.         |
| Medical School Library Acquisitions     |                |               |               |                |
| and Supplies                            | 75,922.91      | 30,407.34     | 10,000.00     | 35,515.6       |
| Medical Science Building                | 24,110.01      |               | 5,649.19      | 18,460.8       |
| Men's New Dormitory                     | 322,547.99     | 125,819.38    | 68,202.97     | 128,525.6      |
| Northern Extension Center               | 81,708.05      | 7,646.22      | 58,200.79     | 15,861.04      |
| Western Extension Center                | 79,222.95      | 14,600.24     | 40,718.41     | 23,904.30      |
| Medical Center Heating and Cooling      |                |               |               |                |
| Plant Project                           | 251.99         |               |               | 251.99         |
| Medical Center Activation of            |                |               |               |                |
| Inventories                             | 73,923.76      | 1,911.63      | 17,718.74     | 54,293.39      |
| Southeastern Ky.-Extension Centers      | 48,148.91      | 6,869.93      | 20,021.63     | 21,257.35      |
| Women's Dorm Architectural Serv.        | 1,171,591.22   |               | 1,706.95      | 1,169,884.27   |
| University of Kentucky Medical Center   |                |               |               |                |
| Hosp. & Outpatient Clinic               | 111,600.94     |               | ( 9,727.29 )  | 121,328.23     |
| University of Kentucky Expansion of     |                |               |               |                |
| M. King Library                         | 54,054.60      | 1,382.10      | 52,672.09     | .41            |
| Reynolds Warehouse Roof Repairs         | 7,500.00       |               | 7,500.00      |                |
| Seed Building and Offices and Service   |                |               |               |                |
| Building                                | 1,000.00       |               |               | 1,000.00       |
| Medical School Clearing                 | 195,809.00     |               |               | 195,809.00     |
| Sigma Nu Fraternity House Fund          | 1,000.00       |               |               | 1,000.00       |
| University of Kentucky Medical          |                |               |               |                |
| Center Landscaping                      | 62,000.00      |               |               | 62,000.00      |
| University of Kentucky Steam and Return |                |               |               |                |
| Line Renovation                         | 6,804.10       |               |               | 6,804.10       |
| Medical Science Building and Equipment  | 739,695.54     | 46,943.45     | 235,263.59    | 457,488.50     |
| Addition of Student Union Building      | 2,034.00       |               |               | 2,034.00       |
| Alpha Gamma Rho Frat. House             | 144,329.00     | 30,774.06     | 104,010.71    | 9,544.23       |
| Sigma Chi Fraternity House              | 144,329.00     | 14,657.84     | 115,715.91    | 13,955.25      |
| Medical School-Dental Wing              | 51,012.57      | ( 20.00 )     | 1,048.23      | 49,984.34      |
| Dental Science Building Equipment       | 691,652.71     | 7,664.11      | 22,395.59     | 661,593.01     |
| Physical Science Building               | 14,716.00      | 14,714.59     | 1.00          | .41            |
| Commerce Building                       | 14,910.00      |               | 14,171.00     | 739.00         |
| Spindletop Industrial Research Center   |                |               |               |                |
| Site Development                        | 6,250.00       | 6,000.00      |               | 250.00         |
| Spindletop Industrial Research Center   |                |               |               |                |
| Administration Building                 | 15,000.00      | 7,849.00      | 1.00          | 7,150.00       |
| Hospital-Movable Equipment              | 1,205,000.00   |               |               | 1,205,000.00   |
| University of Kentucky Agricultural     |                |               |               |                |
| Research Center                         | 3,000.00       |               |               | 3,000.00       |
| Total Unexpended Plant Funds            | \$5,523,487.57 | \$ 323,451.60 | \$ 801,938.09 | \$4,398,097.88 |

( negative figure )

University of Kentucky  
Statement of Plant Fund Appropriations  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

| II. Retirement of Indebtedness Funds-      | Plant          |               |               |                |
|--------------------------------------------|----------------|---------------|---------------|----------------|
|                                            | Appropriations | Expenditures  | Encumbrances  | Balance        |
| A. Debt Service Fund-                      |                |               |               |                |
| 1st P. W. A. Issue                         | \$ 37,322.66   | \$            | \$            | \$ 37,322.66   |
| 2nd P. W. A. Issue                         | 17,572.68      | 8,785.00      |               | 8,787.68       |
| Dorm Rev. Bond Issue                       | 24,615.25      |               |               | 24,615.25      |
| Auditorium Field House Issue               | 62,638.53      | 50,568.75     |               | 12,069.78      |
| Library Building Issue                     | 86,606.56      | 3,635.00      |               | 82,971.56      |
| Stadium Addition Issue                     | 19,305.20      | 2,118.75      |               | 17,186.45      |
| Dorm Rev. Issue ( 456 Rose )               | 6,773.90       | 3,256.50      |               | 3,517.40       |
| Journalism Building Bond Issue             | 29,778.75      |               |               | 29,778.75      |
| Dorm Rev. Issue ( 476 Rose )               | 5,008.43       |               |               | 5,008.43       |
| Student Dormitories                        | 20,846.05      | 10,571.25     |               | 10,274.80      |
| Student Dorm ( Kappa Sigma )               | 11,267.21      |               |               | 11,267.21      |
| Student Dorm ( Lambda Chi )                | 12,209.21      |               |               | 12,209.21      |
| Student Dorm ( Phi Sigma Kappa )           | 10,657.37      |               |               | 10,657.37      |
| Student Dorm ( Pi Kappa Alpha )            | 11,262.70      |               |               | 11,262.70      |
| Dorm Rev. Bonds of 1952                    | 59,197.00      |               |               | 59,197.00      |
| Dorm Rev. Bonds of 1954                    | 32,191.11      | 10,031.25     |               | 22,159.86      |
| Dormitory Rev. Bonds of 1956-              |                |               |               |                |
| Cooperstown Apartments                     | 226,797.90     | 175.90        |               | 226,622.00     |
| Dormitory Rev. Bonds of 1956-Six           |                |               |               |                |
| Sorority Dorms                             | 51,806.00      |               |               | 51,806.00      |
| Dormitory Rev. Bonds of 1956- Student      |                |               |               |                |
| Dorms Reserve                              | 25,000.00      |               |               | 25,000.00      |
| Dormitory Rev. Bond of 1956-336            |                |               |               |                |
| Clifton Avenue                             | 8,262.00       |               |               | 8,262.00       |
| Dormitory Rev. Bond of 1956-Holmes Hall    | 46,963.00      | 14,465.00     |               | 32,498.00      |
| Dormitory Rev. Bond of 1956-Shawneetown    | 90,275.00      | 62,283.75     |               | 27,991.25      |
| Dormitory Rev. Bonds of 1957- 468 Rose St. | 8,000.00       | 6,020.00      |               | 1,980.00       |
| Dormitory Rev. Bonds-342 Clifton Avenue    | 8,434.55       |               |               | 8,434.55       |
| Housing Bond of 1958-Haggin Hall           | 78,880.00      | 25,884.00     |               | 52,996.00      |
| Total Debt Service                         | \$ 991,671.06  | \$ 197,795.15 | \$            | \$ 793,875.91  |
| B. Sinking Fund Reserves with Trustee-     |                |               |               |                |
| Dormitory Rev. Bonds of 1955- Res.         |                |               |               |                |
| Holmes Hall                                | \$ 48,294.62   | \$            | \$            | \$ 48,294.62   |
| Dorm. Rev. Bonds of 1956-Res.              |                |               |               |                |
| Shawneetown                                | 137,697.13     |               |               | 137,697.13     |
| Dorm. Rev. Bonds of 1952-Res .             | 122,634.32     |               |               | 122,634.32     |
| Dorm. Rev. Bonds of 1954-Res.              | 63,000.16      |               |               | 63,000.16      |
| Total Sinking Fund Reserve                 | \$ 371,626.23  | \$            | \$            | \$ 371,626.23  |
| Total Retirement of Indebtedness           |                |               |               |                |
| Funds                                      | \$1,363,297.29 | \$ 197,795.15 | \$            | \$1,165,502.14 |
| Total Plant Fund                           |                |               |               |                |
| Appropriations                             | \$6,886,784.86 | \$ 521,246.75 | \$ 801,938.09 | \$5,563,600.02 |

University of Kentucky  
Statement of Other Fund Transactions  
For the Current Fiscal Period Which Began  
July 1, 1960 and ended November 30, 1960

| <u>Restricted Funds:</u>     | <u>Balances</u><br><u>July 1, 1960</u> | <u>Receipts</u> | <u>Disburse-</u><br><u>ments</u> | <u>Balances</u><br><u>Nov. 30, 1960</u> |
|------------------------------|----------------------------------------|-----------------|----------------------------------|-----------------------------------------|
| Fund Balances                | \$3,075,608.25                         | \$3,630,836.09  | \$3,457,879.10                   | \$3,248,565.24                          |
| <u>Loan Fund:</u>            |                                        |                 |                                  |                                         |
| Principal:                   |                                        |                 |                                  |                                         |
| University Student Loans     | \$ 74,588.67                           | (\$ 10,655.22 ) |                                  | \$ 63,933.45                            |
| University Contribution-     |                                        |                 |                                  |                                         |
| Nat'l Defense Education Act, |                                        |                 |                                  |                                         |
| 1958                         | 20,411.33                              | 10,655.22       |                                  | 31,066.55                               |
| Expendable                   | 24,730.35                              | 657.39          | 118.17                           | 25,269.57                               |
| Subtotal                     | \$ 119,730.35                          | \$ 657.39       | \$ 118.17                        | \$ 120,269.57                           |
| <u>Endowment Funds:</u>      |                                        |                 |                                  |                                         |
| Principal                    | \$ 228,767.26                          | \$              | \$                               | \$ 228,767.26                           |
| Expendable                   | 8,275.01                               | 219.00          | 25.00                            | 8,469.01                                |
| Subtotal                     | \$ 237,042.27                          | \$ 219.00       | \$ 25.00                         | \$ 237,236.27                           |
| <u>Agency Fund:</u>          |                                        |                 |                                  |                                         |
| Balances                     | \$ 120,976.11                          | \$ 512,646.04   | \$ 607,667.79                    | \$ 25,954.36                            |
| Combined Totals              | \$3,553,356.98                         | \$4,144,358.52  | \$4,065,690.06                   | \$3,632,025.44                          |

( negative figure )

Mr. Peterson gave special attention to the balance sheets of current funds and plant funds. He stated that the financial report had been mailed to members of the Board of Trustees for their advance consideration.

Upon motion duly made, seconded and carried, the financial report was authorized received and made of record.

#### D. Annual Financial Report, 1959-60.

Mr. Peterson presented to each member of the Board present a copy of the financial report for the year ending June 30, 1960. He called special attention to the summary statement found on pages 5-10; also Exhibit A, Balance Sheet for the University, and related that the statement indicated assets of over \$100,000,000. He urged members of the Board to take the report home and give it such study as each member might have for the report.

Upon motion duly made, seconded and carried, the annual report was received and authorized filed.

#### E. Certificate, Cremation of Bonds and Coupons.

Mr. Peterson stated that the Board of Trustees, at its meeting on September 20, 1960, authorized paid bonds and interest coupons of various issues destroyed by cremation, and a list was inserted in the minutes of September 20.

Mr. Peterson presented a certificate of Mr. Clay Maupin and Mr. George Kavanaugh certifying that they had carried out the directions of the Board of Trustees. He requested permission to have the certificate made of record.

Upon motion duly made, seconded and carried, the following certificate was authorized put to record:

#### UNIVERSITY OF KENTUCKY

#### CERTIFICATION OF DESTRUCTION OF PRINCIPAL BONDS AND COUPONS AS AUTHORIZED BY THE BOARD OF TRUSTEES AT ITS MEETING OF SEPTEMBER 20, 1960

The undersigned certify that Principal Bonds and Interest Coupons of Revenue Bond issues, returned from paying agents after payment and cancellation, were destroyed by incineration on this date in our presence - as detailed on the attached list - covering the period July 1, 1959 to June 30, 1960.

Signed this 17 day of November 1960 at Lexington,  
Kentucky.

(Signed) Clay Maupin  
Director of Accounting and Budgetary Control

(Signed) Geo. R. Kavanaugh  
Associate Business Manager

#### F. Disposal of Surplus Property Authorized.

Mr. Peterson presented the following list of obsolete, antiquated and surplus property and requested authorization to dispose of same by taking competitive bids.

#### Electrical Engineering

DuMont 5" oscilloscope Type 175A Serial #190

#### Bingham 4-H Camp

- 1 disc harrow (2 section - 16 disc)
- 1 plow
- 1 set of cultivators
- 1 side cut mowing machine that will fit most Ford tractors (the older models)
- 1 Case tractor that is good only for junk
- 1 Leroy motor and generator that served as the power supply for the camp when it was a resort hotel. It too is good only for junk.

#### Reynolds Building No. 1

- 2 Hydraulic Steam Driven Pumps - Made by Union Pump Co., Battle Creek, Michigan
- 1 Westinghouse Alternating Current Generator  
150 KVA 600 V. 144.4 A. Per Turminal - 600 RPM -  
Ser. No. 782952
- 2 Exciters for the above Generator
- 1 Westinghouse DC Generator 15 KW EFM 125. 120A RPM 1050  
Ser. No. 286957
- 1 General Electric DC Generator MP No. 8462 - Class 4-17.5-1100  
Form A. 140 A. 1000 RPM. 110 V.
- 1 Hamilton Corliss Steam Engine - Size 16 x 36 No. 5554
- 1 Electric Switch Board - (Westinghouse) with oil switch and  
volt and Amp.meters. SO. No. 390537 D101848A.
- 1 Accumulator - for storing Hydraulic Energy up to 2000 PSI

#### Kentucky Geological Survey

One 1953 Chevrolet station wagon and one 1956 Chevrolet station wagon, each with 70,000 miles on it.

Upon motion duly made, seconded and carried, the Vice President, Business Administration, was authorized to dispose of the above listed property by taking competitive bids.

G. Results of Election Authorized by the Alumni Association Reported.

Mr. Peterson read the following letter and asked permission to make same of record, and to certify the names of the three persons receiving the highest number of votes to the Governor of the State, from which list he will pick one person and appoint same as alumnus member of the Board of Trustees of the University, effective January 1, 1961.

December 8, 1960

President Frank G. Dickey  
University of Kentucky

Dear President Dickey:

The term of Ralph J. Angelucci as alumnus member of the Board of Trustees expires December 31, 1960. An election has been held among the alumni of the University as prescribed by statute and by the rules and regulations of the Board of Trustees. The following is the result of the elections:

|                    |             |
|--------------------|-------------|
| Ralph J. Angelucci | 2,403 votes |
| Richard E. Cooper  | 2,337 votes |
| Whayne C. Priest   | 1,664 votes |
| Lynn Jeffries      | 1,476 votes |
| J. Frank Baugh     | 1,415 votes |
| L. S. McCrosky     | 1,281 votes |

There were 95 write-in names, all of which have been tabulated and recorded.

Will you please submit this information to the Board of Trustees that same may be approved and the names of the three receiving the highest number of votes be certified to the Governor of the Commonwealth of Kentucky, from which list of three he may appoint one to serve a term of four years beginning January 1, 1961.

Very truly yours,

(Signed) Frank D. Peterson  
Secretary  
Board of Trustees

Upon motion duly made, seconded and carried, the report of the Secretary was ordered received and put to record, and he was directed to certify the names of the three persons receiving the largest number of votes to the Governor, from which list he will appoint a successor to Dr. Ralph J. Angelucci, whose term will expire December 31, 1960.

H. Authorization of Resolution for the Issuance, Sale and Delivery of the University of Kentucky Housing and Dining Hall Bonds of 1960.

Board member Harper Gatton introduced and caused to be read the proposed Resolution as follows:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF "UNIVERSITY OF KENTUCKY HOUSING AND DINING HALL BONDS OF 1960" OF THE BOARD OF TRUSTEES OF THE UNIVERSITY TO PAY THE COSTS (NOT OTHERWISE PROVIDED) OF CONSTRUCTING A PROJECT UPON THE CAMPUS OF THE UNIVERSITY, CONSISTING OF A DORMITORY TO HOUSE APPROXIMATELY 136 WOMEN STUDENTS AND A DINING HALL TO SERVE 1,100 WOMEN STUDENTS, EACH WITH NECESSARY APPURTENANCES.

WHEREAS, the University of Kentucky and its students are not now being provided with adequate buildings for educational purposes, and in order to provide the same it is necessary that there be constructed a project consisting of an additional dormitory for housing approximately 136 women students and a dining hall to serve 1,100 women students, each with necessary appurtenances, upon a site which is hereinafter described, and which is a part of the campus of the University; and

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

WHEREAS, under the provisions of KRS 162.340 et seq., now in full force and effect, the Board of Trustees of the University of Kentucky, as the governing body of said State educational institution, is authorized to issue Bonds, as hereinafter provided, for the purpose of financing all or a part of the costs of the said housing and dining hall project and appurtenances; and

WHEREAS, the total cost of said housing and dining hall project and appurtenances is estimated to be One Million Three Hundred Thousand (\$1,300,000.00) Dollars, and it is necessary that the Board of Trustees provide at this time for the borrowing of a sum not to exceed One Million Two Hundred Twenty-five (\$1,225,000.00) Dollars, to provide, together with other available funds, for the estimated total cost thereof;

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

Section 1. It is hereby determined and declared that the proper accommodation of the students of the University of Kentucky for educational purposes requires construction of a project upon the campus of the University, at Lexington, Kentucky, consisting of an additional dormitory to house approximately one hundred thirty-six (136) women students and a dining hall to serve 1,100 women students, each with necessary appurtenances (the same being hereinafter referred to as the "Project"). The plans and specifications of said Project, as prepared and submitted to this Board, are hereby approved in all respects.

Section 2. In order to provide for the payment of a portion of the costs of the Project, there shall be, and there are hereby ordered to be, issued by the Board of Trustees of the University of Kentucky, in its corporate capacity and by and through its corporate name, and as a State educational institution and agency, University of Kentucky Housing and Dining Hall Bonds of 1960 (hereinafter sometimes referred to as the "Bonds") in the aggregate principal amount of One Million Two Hundred Twenty-five Thousand (\$1,225,000.00) Dollars, dated April 1, 1960, of the denomination of One Thousand (\$1,000.00) Dollars each, to be numbered consecutively from 1 to 1,225, both numbers inclusive, bearing interest to be evidenced by coupons attached to each Bond at a rate or rates which, when averaged to maturity on the Bonds covered by the bid, shall not result in an average interest rate on such Bonds in excess of three and one-eighth (3-1/8%) per cent per annum (the exact rate or rates to be determined at the time of the receipt and consideration of bids for the purchasing of said Bonds as hereinafter provided), payable on the first day of October, 1960 and semiannually thereafter on the first days of April and October in each year until maturity. Said Bonds shall in all respects conform to, and be issued in accordance with, the provisions of the Trust Indenture referred to in Section 4 hereof. Each of said Bonds shall be executed on behalf of the Board of Trustees by the reproduced facsimile signature of the Chairman, and a reproduced facsimile of the Corporate Seal shall be imprinted thereon, attested by the manual signature of the Secretary. The interest coupons shall bear the facsimile signatures of said officers. After said Bonds have been sold by the Board of Trustees, or by its Executive Committee which is hereby authorized to act in that regard, as hereinafter more specifically provided, at an advertised public competitive sale, and as soon as said Bonds have been received from the printer and executed as herein provided, the same shall be delivered for authentication to the Trustee named in said Trust Indenture, accompanied by appropriate certificates, as provided in said Trust Indenture, including a certificate of the identity of the purchaser or purchasers of said Bonds, and the terms upon which the same may be delivered to said purchaser or purchasers.

Section 3. The Secretary of this Board is hereby authorized and directed to execute an appropriate form or forms of "Notice of Sale of Bonds," and cause the same to be published as required by law, one time in The Courier-Journal, a daily newspaper published in Louisville, Kentucky, and of general circulation throughout the Commonwealth of Kentucky, and one time in The Bond Buyer, a financial newspaper published in New York, New York, of nationwide circulation among bond buyers, soliciting sealed competitive proposals for the purchase of said Bonds, the same to be received in the office of the Secretary of the Board of Trustees of the University on the campus



of the University of Kentucky, in Lexington, Kentucky, until some day and hour when the Board of Trustees, or its Executive Committee, will be in session. Publication of said "Notice of Sale of Bonds" shall be made in conformity with KRS 424.130, 424.140, and 424.360. In said notice purchasers shall be instructed that proposals may be for the purchasing of (a) the entire One Million Two Hundred Twenty-five Thousand (\$1,225,000.00) Dollars of authorized Bonds; (b) Bonds maturing on April 1 in the years 1963 through 1970; (c) Bonds maturing on April 1 in the years 1971 through 1980; (d) Bonds maturing on April 1 in the years 1981 through 1990; (e) Bonds maturing on April 1 in each of the years 1991 through 2,000; that the bidders may stipulate one (1) or more interest coupon rates with respect to said Bonds, provided the average of such rates does not exceed three and one-eighth ( $3\frac{1}{8}\%$ ) per cent per annum, and only one (1) coupon rate may be stipulated for Bonds maturing on the same date. If a bid carries two (2) or more interest rates on a single block of Bonds, or on combined blocks of Bonds, an average interest rate shall be computed on the basis of the total interest costs at par for such single blocks, or combined blocks, covered by the bid at the offered rates; and if the average rate so obtained is not more than three and one-eighth ( $3\frac{1}{8}\%$ ) per cent, the bid shall be considered to qualify. A minimum bid of par value (plus accrued interest to date of delivery and payment) shall be required. The right to reject bids shall be expressly reserved. The Executive Committee of the Board of Trustees of the University of Kentucky is hereby authorized and empowered to consider all proposals made pursuant to such public notice, to award the Bonds in the manner and for the purposes herein provided, to establish the interest coupon rates which the Bonds shall bear, and to take all other necessary and proper steps in the sale and issuance of the said Bonds; all of which actions of the said Executive Committee are now approved and ratified.

The Secretary is further authorized and directed to execute in multiple copies a statement giving a more complete and particular description of the Bonds and of provisions for the security and payment thereof, disposition of Bond proceeds, etc., than is possible within the limits of the published notices, and to furnish copies of such statement to all interested bidders upon request. Such statement may also contain a particular description of the terms and conditions upon which the Bonds are offered for sale, in order to bring about uniformity in the proposals which may be submitted for the purchase of said Bonds.

Section 4. Said Bonds shall be secured by a Trust Indenture between the Board of Trustees of the University of Kentucky, party of the first part, and Farmers Bank & Capital Trust Company, a combined Bank and Trust Company having corporate trust powers, organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, and having its principal office and place of business in Frankfort, Franklin County, Kentucky, party of the second part. The Chairman and Secretary of the Board of Trustees are hereby authorized and directed to make, execute and deliver such Trust Indenture in substantially the form, text, terms and provisions hereinafter set out; and this Board of Trustees hereby approves, ratifies and confirms all of the covenants, provisions, and stipulations as set out in such Trust Indenture, to-wit:

- TRUST INDENTURE -

THIS INDENTURE, dated as of the first day of April in the year Nineteen Hundred and Sixty (1960), made by and between BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, a body corporate, as a public educational institution of higher learning of the Commonwealth of Kentucky (hereinafter called the "Board"), party of the first part, and FARMERS BANK & CAPITAL TRUST COMPANY, a combined bank and trust company, organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, having full powers to act as corporate trustee, and having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, as Trustee (hereinafter called the "Trustee"), party of the second part;

W I T N E S S E T H:

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

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

WHEREAS, the Board has determined that the said University and its students are not at this time provided with adequate buildings for educational purposes, and has determined that it is necessary to construct a project consisting of an additional dormitory to house approximately 136 women students and a dining hall to serve 1,100 women students, each with necessary appurtenant facilities (collectively referred to herein as the "Project"), the same to be situated upon a site which is a part of the campus of said University in the City of Lexington, Fayette County, Kentucky, and which is hereinafter described and identified for the purpose of identifying the Project; and

WHEREAS, pursuant to Section 162.340 et seq., of the Kentucky Revised Statutes now in full force and effect, the Board is authorized to provide all or a part of the costs of said Project, through the issuance and sale of its Revenue Bonds, payable solely from the income and revenues provided to the University through the operation of said Project; and

WHEREAS, the Board of Trustees of the University of Kentucky has duly adopted an appropriate form of Resolution authorizing the issuance of "University of Kentucky Housing and Dining Hall Bonds of 1960," dated April 1, 1960, as hereinafter described, and has duly authorized the execution of this Trust Indenture, in the form hereof, for the purpose of securing the payment of said Bonds and the interest thereon, and to provide for the proper and orderly administration of the revenues of said Project

and of the Bond proceeds; and

WHEREAS, the coupon Bonds, the coupons appertaining thereto, the Trustee's certificate with respect to such Bonds, and provisions for the registration of said Bonds, are to be substantially in the forms following, with appropriate insertions, omissions and variations as in this Indenture provided or permitted:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
UNIVERSITY OF KENTUCKY  
HOUSING AND DINING HALL BOND OF 1960

No. \_\_\_\_\_

\$1,000. 00

KNOW ALL MEN BY THESE PRESENTS, THAT:

The Board of Trustees of the University of Kentucky, a body corporate, as an educational institution and agency of the Commonwealth of Kentucky, for value received, hereby promises to pay, solely from the special fund provided therefor, as hereinafter set forth, to the bearer, or, if this Bond be registered, to the registered owner hereof, as hereinafter provided, the sum of \$1,000. 00 on the first day of April, 19\_\_\_\_, and to pay, solely from said special fund, interest thereon from the date hereof until payment of principal, at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum, such interest being payable on October 1, 1960, and semiannually thereafter on the first days of April and October in each year, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity of this Bond to be paid only upon presentation and surrender of the annexed coupons as they severally mature, both principal and interest being payable in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for the payment of debts due the United States of America, at the principal office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Franklin County, Kentucky, or, at the option of the holder or registered owner, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of \$1,225,000. 00, all of said Bonds being of the same form, tenor and effect (except for numbers, maturity dates and interest rates) issued for financing the costs, not otherwise provided, of a project consisting of an additional dormitory to house approximately 136 women students and a dining hall to serve 1,100 women students, each with necessary appurtenances (herein called the "Project") for educational purposes on the campus of the University of Kentucky, at Lexington, Kentucky, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including among others, Sections 162.350 to 162.380, inclusive, of the Kentucky Revised Statutes now in full force and effect.

All of said Bonds are issued under and pursuant to an indenture (said indenture, together with all indentures supplemental thereto as therein

permitted, being herein called the "Indenture"), of even date herewith, executed by and between the Board of Trustees of the University of Kentucky, and the Farmers Bank & Capital Trust Company, Frankfort, Franklin County, Kentucky, as Trustee (said Trustee and any successor Trustee under said Indenture being herein called the "Trustee"), an executed counterpart of which is on file at the office of said Trustee in the City of Frankfort, Franklin County, Kentucky. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and the application of the proceeds of the Bonds; the collection and disposition of the revenues; the fund charged with and pledged to the payment of interest on and the principal of said Bonds; the nature and extent of the security; the rights, duties and obligations of said Board of Trustees, and of the Trustee, and the rights of the holders of the Bonds; and by the acceptance of this Bond, the holder hereof assents to all of the provisions of said Indenture. Under authority of the Statutes pursuant to which this Bond is issued, this Bond shall have all the qualities and incidents of a negotiable instrument; and, subject to the provisions for registration endorsed hereon and contained in the Indenture, nothing contained in this Bond, or in said Indenture, shall affect or impair the negotiability of this Bond.

The holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or take any action with respect to any default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. The Indenture provides for fixing, charging and collecting rentals and other fees and charges for the use of the facilities of said Project, identified by a description of the site upon which the same will be constructed upon the campus of the University of Kentucky, at Lexington, Fayette County, Kentucky, which rents, fees, and charges will be sufficient to pay the costs of maintenance, repair and operation thereof, and the principal of and the interest on said Bonds as the same shall become due, and to provide reserves for such purposes. The Indenture provides for the creation of a special fund designated "Housing and Dining Hall Bond and Interest Sinking Fund Account of 1960," (herein called the "Sinking Fund"), and for the deposit to the credit of said Sinking Fund of a sufficient amount of the revenues of said Project over and above the costs of such maintenance, repair and operation to pay the principal of and the interest on the Bonds as the same become due, and to provide a reserve for such purposes, which Sinking Fund is pledged to and charged with the payment of said principal and interest.

This Bond, and the issue of which it is one, is payable only from a fixed amount of the gross income and revenues to be derived from the operation of said Project, which will be set aside as a special fund and pledged for that purpose, and identified as the "Housing and Dining Hall Bond and Interest Sinking Fund Account of 1960." This Bond does not constitute any indebtedness of the University of Kentucky, or of its Board of Trustees, or of the Commonwealth of Kentucky, within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Bonds numbered 1 through 154, inclusive, maturing April 1, 1963, through April 1, 1970, inclusive, are non-callable. The right is hereby reserved to call and redeem the Bonds numbered 155 through 969, inclusive, maturing April 1, 1971 through April 1, 1995, inclusive, prior to the stated

maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date after April 1, 1970, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption and a premium for each Bond, as follows:

3% if redeemed October 1, 1970 through April 1, 1975, inclusive,  
 2-1/2% if redeemed October 1, 1975 through April 1, 1980, inclusive,  
 2% if redeemed October 1, 1980 through April 1, 1985, inclusive,  
 1-1/2% if redeemed October 1, 1985 through April 1, 1990, inclusive,  
 1% if redeemed after April 1, 1990

The right is hereby reserved to call and redeem the Bonds numbered 970 through 1,225, inclusive, maturing April 1, 1996 through April 1, 2000, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption. Notice of any such intended redemption identifying the Bonds to be redeemed shall be filed at the office of the Trustee named in the aforementioned Indenture at least thirty (30) days prior to the specified redemption date, and such notice shall be published at least once not less than thirty (30) days prior to said redemption date in a financial publication published in the English language in the Borough of Manhattan, City and State of New York. Any Bonds called for redemption and for the payment of which funds are deposited with said Trustee on or prior to the specified redemption date shall cease to bear interest on said redemption date. Priority as to prior redemption shall extend to Bonds numbered 970 through 1225, inclusive, over Bonds numbered 155 to 969, inclusive.

This Bond shall pass by delivery unless registered as to principal in the holder's name on the books of said Board of Trustees at the office of Farmers Bank & Capital Trust Company in the City of Frankfort, Franklin County, Kentucky, or at the office of its successor as Trustee under the Indenture, and such registration noted hereon, after which no valid transfer hereof can be made except by the registered owner, or duly authorized attorney, at such office, until after registered transfer to bearer; and after such registered transfer to bearer, this Bond shall be again transferable by delivery, but may again from time to time be registered, as to principal, and thereafter again transferred to bearer as before. Such registration, however, shall not affect the negotiability of the interest coupons, which shall always remain payable to bearer and transferable by delivery. The Board of Trustees and the Trustee may deem and treat the bearer of this Bond, if not registered as to principal, and the bearer of any coupon hereto appertaining, whether or not this Bond be so registered, or if this Bond be registered as herein authorized, the person in whose name the same is registered, as the absolute owner for the purpose of receiving payment and for all other purposes.

A statutory mortgage lien, as provided by Sections 162.350 and 162.200 of the Kentucky Revised Statutes now in full force and effect, is hereby recognized as valid and binding on said Project and appurtenant facilities, and is created and granted to and in favor of the holder or holders of this Bond, and the issue of which it is a part, and in favor of the holder or holders of the coupons attached thereto; and said Project and appurtenant facilities shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond, and the series of which it is a part.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Indenture, until it shall have been authenticated by the execution by the Trustee of the certificate hereon endorsed.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form and manner as required by law; and the amount of this Bond, together with all other obligations of said Board of Trustees and of said University of Kentucky, does not exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said Project will be continuously operated by said Board of Trustees, and that a sufficient portion of income and revenues from the said Project has been pledged to, and will be set aside into, said special account for the payment of the principal and interest on this Bond, and the issue of which it is a part, as the same will respectively become due.

IN TESTIMONY WHEREOF, Board of Trustees of the University of Kentucky has caused this Bond to be executed by the reproduced facsimile signature of its Chairman, and has caused a reproduced facsimile of its Corporate Seal to be imprinted hereon, attested by the manual signature of its Secretary, and has caused the coupons hereto attached to be executed with the facsimile signatures of the said Chairman and Secretary, all being done as of the first day of April, 1960.

BOARD OF TRUSTEES OF THE UNIVERSITY  
OF KENTUCKY

(SEAL)

By \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary  
Board of Trustees

(FORM OF COUPON)

No. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19\_\_\_\_, \*(unless the Bond to which this coupon is attached shall have been called for prior redemption), Board of Trustees of the University of Kentucky will pay to bearer \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in any coin or currency which at said date of payment is legal tender for the payment of debts due the United States of America, out of its "Housing and Dining Hall Bond and Interest Sinking Fund Account of 1960" at the principal office of Farmers Bank & Capital Trust Company in the City of Frankfort, Franklin County, Kentucky, or, at the option of the holder hereof, at the principal office of Chemical Bank New York



Trust Company, in the Borough of Manhattan, City of New York, State of New York, as provided in and for interest then due on its Housing and Dining Hall Bond of 1960, dated April 1, 1960, Number \_\_\_\_\_.

\_\_\_\_\_  
CHAIRMAN, BOARD OF TRUSTEES

\_\_\_\_\_  
SECRETARY, BOARD OF TRUSTEES

\* The phrase in parentheses should appear only in coupons attached to Bonds numbered 970 to 1225, inclusive, and in the coupons maturing on and after October 1, 1970, attached to Bonds numbered 155 to 970, inclusive.

(FORM OF AUTHENTICATION CERTIFICATE ON  
ALL COUPON BONDS)

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

FARMERS BANK & CAPITAL TRUST COMPANY, TRUSTEE

By \_\_\_\_\_  
Authorized Officer

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

| DATE OF<br>REGISTRATION | NAME OF REGISTER-<br>ED HOLDER | SIGNATURE OF OFFICER<br>OF INDENTURE TRUSTEE |
|-------------------------|--------------------------------|----------------------------------------------|
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |
| :                       | :                              | :                                            |

AND WHEREAS, the Board has duly authorized the issuance of the Bonds and the execution and delivery of this Indenture, and all other acts and things necessary to make the Bonds, when duly executed on behalf of the Board and authenticated by the Trustee and issued, valid and binding obligations of the Board in accordance with their terms, and to make this Indenture a valid and

binding Indenture of Trust for the security of the Bonds, have been done and performed;

NOW THEREFORE, in consideration of these premises, the acceptance by the Trustee of the Trust hereby created, the purchase and acceptance of the Bonds by the holders hereof, and for and in consideration of the sum of One (\$1.00) Dollar cash in hand paid by the Trustee to the Board at or before the execution and delivery of this Indenture, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds and interest coupons are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all Bonds at any time issued and outstanding hereunder, and the interest thereon according to their tenor, purport, and effect, and in order to secure the performance and observance of all of the covenants, agreements, and conditions therein and herein contained, the Board has pledged, and does hereby pledge to the Trustee, to the extent provided in this Indenture, the gross revenues of the Project as security for the payment of the Bonds and the interest thereon; and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds, and interest coupons issued and to be issued under this Indenture, without preference, priority or distinction as to lien, or otherwise, except as otherwise herein provided, of any Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof or otherwise, as follows:

## ARTICLE ONE

### DEFINITION OF TERMS

Section 1.01. In each and every place in and throughout this Indenture wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed, and are used and intended to have meanings as follows:

- (a) "University" -- The University of Kentucky, situated in Lexington, Fayette County, Kentucky.
- (b) "Board" -- The Board of Trustees of the University of Kentucky, as created and existing under the provisions of Sections 164.130 et seq., of the Kentucky Revised Statutes, or its Executive Committee created and elected pursuant to Section 164.190 of the Kentucky Revised Statutes, when exercising the powers delegated to it by the Board.
- (c) "Trustee" -- Farmers Bank & Capital Trust Company, a combined bank and trust company created and existing under the laws of the Commonwealth of Kentucky, having proper trust powers and having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, or any successor Trustee designated pursuant to the provisions of this Indenture.
- (d) "Paying Agents" -- The Trustee, or any successor Trustee, as defined in the foregoing Paragraph (c), and, at the option of the holders of the Bonds and coupons issued under the provisions hereof, Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.



- (e) "Bonds" -- Bonds issued pursuant to the provisions of this Indenture.
- (f) "Housing and Dining Hall Revenue Fund Account of 1960" -- A special fund created in this Indenture to be established by the Board under the terms and conditions of this Indenture.
- (g) "Housing and Dining Hall Bond and Interest Sinking Fund Account of 1960" -- 1960 Housing and Dining Hall Bond and Interest Sinking Fund Account as created by this Indenture.
- (h) "Housing and Dining Hall Building, Maintenance and Equipment Reserve Account of 1960" -- An account established in this Indenture for the purpose of paying the costs of unusual or extraordinary maintenance or repair expenses, and for the renewal, replacement and renovation of furniture and equipment not otherwise paid for as part of the ordinary and normal expense of the operation of the Project.
- (i) "Construction Fund" -- The special account or fund created in this Indenture in which provision is made for the deposit of the Bond proceeds (exclusive of accrued interest received from the purchaser or purchasers of the Bonds), together with any other funds appropriated by the Board of Trustees as a contribution to the costs of the development of the Project.
- (j) "Project" -- An additional dormitory to house approximately 136 women students and a dining hall to serve 1,100 women students, each with necessary appurtenant facilities, to be constructed in part through application of the proceeds of the Construction Fund upon a portion of the campus of the University at Lexington, Kentucky, which portion or site is particularly described in Article Thirteen hereof.
- (k) "Chairman" -- The Chairman, and each and every Vice Chairman, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Chairman of the Board.
- (l) "Secretary" -- The Secretary, and each and every Assistant Secretary, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Secretary of the Board.
- (m) "Treasurer" -- The Treasurer, and each and every Assistant Treasurer, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Treasurer of the Board.
- (n) "Counsel" -- Any counsel appointed by the Board, including any counsel in the employ of the Board or the University and so appointed.
- (o) "Engineer" -- Any licensed architect or engineer appointed by the Board, including any such architect or engineer in the employ of the Board or of the University and so appointed.
- (p) "Fiscal Year" -- The fiscal year shall be the twelve (12) months period beginning July 1 and ending June 30 of the following year.

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

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

## ARTICLE TWO

### EXECUTION, AUTHENTICATION, REGISTRATION AND EXCHANGE OF BONDS

Section 2.01. Save as is herein provided in respect to mutilated, lost, destroyed or stolen Bonds, and in respect to transfers and exchanges, Bonds may be issued hereunder to the aggregate principal amount of One Million Two Hundred Twenty-five Thousand (\$1,225,000.00) Dollars, and no more. The Bonds shall be issued as coupon Bonds in the denomination of One Thousand (\$1,000.00) Dollars, registerable as to principal only, and numbered as hereinafter provided. The principal of each Bond and the interest thereon shall be payable at the principal office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Franklin County, Kentucky, or at the principal office of its successor in trust under this Indenture, or, at the option of the holder, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America. The Bonds and interest coupons appertaining thereto shall respectively be substantially in the forms hereinbefore set forth, with such omissions, variations and insertions as are required or permitted by the terms of this Indenture to evidence the terms thereof. This Indenture creates and shall constitute and be a continuing lien to secure the full and final payment of the principal of and interest on all Bonds issued, authenticated and delivered pursuant to the terms hereof.

Section 2.02. This Indenture shall secure the payment of the principal of and interest on said coupon Bonds in the aggregate principal amount of One Million Two Hundred Twenty-five Thousand (\$1,225,000.00) Dollars, each Bond to be designated as a "University of Kentucky Housing and Dining Hall Bond of 1960." The said coupon Bonds shall be dated April 1, 1960, and numbered 1 through 1,225, inclusive, and shall bear interest at one or more interest coupon rates (averaging no more than three and one-eighth (3-1/8%) per centum per annum) to be established upon the basis of competition among bidders when said Bonds are sold at an advertised public sale as hereinafter provided. All such interest to the respective maturity dates of principal shall be evidenced by coupons attached to the Bonds, maturing on October 1, 1960, and semiannually on each April 1 and October 1 thereafter. The Bonds shall mature as to principal in accordance with the following schedule:

| <u>BONDS NUMBERED</u><br>(Inclusive) | <u>PRINCIPAL AMOUNT</u> | <u>DATE OF MATURITY</u> |
|--------------------------------------|-------------------------|-------------------------|
| 1-17                                 | \$ 17,000.00            | April 1, 1963           |
| 18-35                                | 18,000.00               | April 1, 1964           |
| 36-53                                | 18,000.00               | April 1, 1965           |
| 54-72                                | 19,000.00               | April 1, 1966           |
| 73-91                                | 19,000.00               | April 1, 1967           |
| 92-111                               | 20,000.00               | April 1, 1968           |
| 112-132                              | 21,000.00               | April 1, 1969           |
| 133-154                              | 22,000.00               | April 1, 1970           |
| 155-176                              | 22,000.00               | April 1, 1971           |
| 177-199                              | 23,000.00               | April 1, 1972           |
| 200-222                              | 23,000.00               | April 1, 1973           |

|           |              |               |
|-----------|--------------|---------------|
| 223-246   | \$ 24,000.00 | April 1, 1974 |
| 247-271   | 25,000.00    | April 1, 1975 |
| 272-297   | 26,000.00    | April 1, 1976 |
| 298-323   | 26,000.00    | April 1, 1977 |
| 324-350   | 27,000.00    | April 1, 1978 |
| 351-378   | 28,000.00    | April 1, 1979 |
| 379-407   | 29,000.00    | April 1, 1980 |
| 408-437   | 30,000.00    | April 1, 1981 |
| 438-468   | 31,000.00    | April 1, 1982 |
| 469-500   | 32,000.00    | April 1, 1983 |
| 501-533   | 33,000.00    | April 1, 1984 |
| 534-567   | 34,000.00    | April 1, 1985 |
| 568-602   | 35,000.00    | April 1, 1986 |
| 603-638   | 36,000.00    | April 1, 1987 |
| 639-675   | 37,000.00    | April 1, 1988 |
| 676-713   | 38,000.00    | April 1, 1989 |
| 714-752   | 39,000.00    | April 1, 1990 |
| 753-793   | 41,000.00    | April 1, 1991 |
| 794-835   | 42,000.00    | April 1, 1992 |
| 836-878   | 43,000.00    | April 1, 1993 |
| 879-923   | 45,000.00    | April 1, 1994 |
| 924-969   | 46,000.00    | April 1, 1995 |
| 970-1017  | 48,000.00    | April 1, 1996 |
| 1018-1066 | 49,000.00    | April 1, 1997 |
| 1067-1117 | 51,000.00    | April 1, 1998 |
| 1118-1170 | 53,000.00    | April 1, 1999 |
| 1171-1225 | 55,000.00    | April 1, 2000 |

Bonds numbered 1 through 154, inclusive, maturing April 1, 1963 through April 1, 1970, inclusive, are non-callable. The right is hereby reserved to call and redeem the Bonds numbered 155 through 969, inclusive, maturing April 1, 1971 through April 1, 1995, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date after April 1, 1970, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption and a premium for each Bond, as follows:

3% if redeemed October 1, 1970 through April 1, 1975, inclusive,  
 2-1/2% if redeemed October 1, 1975 through April 1, 1980, inclusive,  
 2% if redeemed October 1, 1980 through April 1, 1985, inclusive,  
 1-1/2% if redeemed October 1, 1985 through April 1, 1990, inclusive,  
 1% if redeemed after April 1, 1990.

The right is hereby reserved to call and redeem the Bonds numbered 970 through 1225, inclusive, maturing April 1, 1996 through April 1, 2000, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption. Priority as to redemption shall extend to Bonds numbered 970 through 1225, inclusive, over Bonds numbered 155 through 969, inclusive. Such right of redemption shall be at the option of the Board, or through the application of (a) the proceeds of insurance as provided in Section 5.05 of this Indenture, or (b) the balance of money in the construction fund as provided in Section 7.06 of this Indenture. In each case such redemption shall be upon

notice and in the manner and with the effect provided in Article Three of this Indenture.

Section 2.03. The Bonds shall be offered for sale by the Board, without the intervention of the Trustee, at such time or times as the Board may direct, upon the basis of notices published by the Board in accordance with KRS Chapter 424, in The Courier-Journal, a newspaper of general circulation throughout the Commonwealth of Kentucky, and in The Bond Buyer, a financial news medium published in New York, New York, of nationwide circulation among bond buyers, and upon the basis of sealed competitive bids which shall be opened, considered, and acted upon by the Board as it may deem desirable. The Bonds shall at one time or from time to time be executed on behalf of the Board as hereinbefore provided, and shall be delivered to the Trustee for authentication by it, and thereupon the Trustee shall, upon receipt by the Trustee of evidence satisfactory to the Trustee of the proper execution of this Indenture, and that the Bonds and coupons are in accordance with interest rates duly established, authenticate the said Bonds. The Board, by and through its Treasurer, shall make delivery to the purchaser or purchasers, but only upon payment of the stated purchase price, which shall immediately be deposited to the credit of the University in the various special funds or accounts, as hereinafter provided.

Only Bonds as shall bear thereon endorsed a certification of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be secured by this Indenture or be entitled to any right or benefit hereunder. The authentication by the Trustee upon any Bond shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefit of the trusts hereby created.

The Bonds must be in compliance with the following specifications:

- (a) The Bond forms used must not be purchasable in blank by printers or others, but must be purchasable only in the form of completed Bonds. The name of the engraving company must appear on each Bond and coupon. The size of the Bonds and coupons must conform to standard practice, and the paper used must be of sufficient weight and strength to prevent deterioration through ordinary handling.
- (b) Face of Bond --
  - (1) Border, Vignette and Denominational Counter (including Figure) steel-engraved, but in the case of issues up to \$500,000.00 the Denomination Figure may be printed on steel-engraved background.
  - (2) Text from type composition.
  - (3) Steel-engraved under-tint underlying all or part of the text.
- (c) Back of Bond --
  - (1) Borders, Denominational Counter and Denominational Figure Lithographed.
  - (2) Lithographed under-tint underlying the denomination.
  - (3) Text from type composition.
- (d) Face of coupon --
  - (1) Text from type composition.
  - (2) Lithographed undertint.
- (e) Back of coupon --
  - Lithographed, with or without coupon numbers; or such other

minimum specifications as may be required at the time of the issuance of the Bonds by the Housing and Home Finance Agency of the United States of America in connection with Bonds to be purchased under any Act of Congress.

Section 2.04. In case any person whose signature, or a facsimile thereof, is on any Bond or coupon issuable under this Indenture as an officer of the Board of Trustees of the University shall have ceased to be such officer before such Bond shall have been actually authenticated by the Trustee and delivered to the purchaser or purchasers, such Bond nevertheless may be authenticated and delivered and issued as though such person had not ceased to be such officer of the Board of Trustees of the University.

Any Bond issuable hereunder may be signed (manually or by facsimile, according to the authority given), sealed or attested in behalf of the Board by any person who at the actual date of the execution or authentication of such Bond is the proper officer of the Board of Trustees of the University, although at the date of such Bond such person shall not have been such officer of such Board of Trustees.

The coupons to be attached to coupon Bonds issued hereunder shall be executed by the facsimile signatures of the present Chairman and Secretary or of any future Chairman and Secretary of the Board, and the Board may adopt and use for that purpose the facsimile signatures of any persons who shall have been such Chairman and Secretary, notwithstanding the fact that they may have ceased to be such Chairman and Secretary at the time when such Bonds shall be actually authenticated and delivered.

Section 2.05. The Board shall keep at the office of the Trustee books for the registration and transfer of Bonds issued hereunder, which, at all reasonable times, shall be open for inspection by the holder of any Bond issued hereunder, and upon presentation for the purpose at such office, the Board will register or transfer or cause to be registered or transferred therein, as hereinafter provided, and under such reasonable regulations as it may prescribe, any Bonds issued under this indenture and entitled to be so registered or transferred. The Trustee shall act as registrar in effecting all registrations on the books kept at its office.

All Bonds issued hereunder shall be negotiable and shall pass by delivery unless registered as to principal in the manner hereinafter provided. The holder of any Bond issued hereunder may have the ownership of the principal thereof registered on said books of the Board at the office of the Trustee and such registration shall be noted on the Bond. After such registration no transfer shall be valid unless made on the said books by the registered owner in person, or by his duly authorized attorney, and similarly noted on the Bond; and the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; but such Bond may again, from time to time, be registered as to principal and thereafter again transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, but every such coupon shall continue to be transferable by delivery merely, and shall remain payable to bearer. Such registrations and discharges from registration shall be without expense to the holder of the Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the party requesting such registration or discharge from registration as a condition precedent to the exercise of such privilege.

Section 2.06. Before authenticating any Bond the Trustee shall cut off, cancel and cremate all matured coupons, if any, thereon and the Trustee shall deliver to the Board a certificate of cremation thereof.

If at the time the Bonds are manufactured it shall be known that certain coupons will have matured prior to delivery, the Board may instruct the printer not to manufacture such coupons, and in that event a statement or certificate of the printer that such coupons were not manufactured shall be preserved by the Trustee in lieu of such certificate of cremation.

Section 2.07. Upon the receipt by the Board and the Trustee of evidence satisfactory to them of the loss, theft, destruction or mutilation of any outstanding Bond hereby secured, and of indemnity satisfactory to them, and upon surrender and cancellation of such Bond if mutilated, the Board may execute and the Trustee may authenticate and deliver, upon the lapse of such period of time as they may deem advisable, a new Bond of like tenor and maturity bearing the same or different serial numbers, to be issued in lieu of such lost, stolen, destroyed or mutilated Bond. Such new Bond may bear such endorsement as may be agreed upon by the Board and by the Trustee and which at the time is necessary to conform to the requirements of any stock exchange or of any governmental body having jurisdiction. The Board may require the payment of costs for each new Bond issued under this Section, and the furnishing of indemnity satisfactory to the Board. The Trustee shall incur no liability for anything done by it under this Section in the absence of negligence or fault.

Section 2.08. As to all Bonds registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof, for all purposes of this Indenture, and thereafter payment of or on account of the principal of such Bond shall be made only to or upon the order in writing of such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. The Board and the Trustee may deem and treat the bearer of any Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest on such Bond, whether such Bond shall be registered or not, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof, and for all other purposes whatsoever, and the Board and the Trustee shall not be affected by any notice to the contrary.

### ARTICLE THREE

#### REDEMPTION OF BONDS

Section 3.01. Bonds numbered 1 through 154, inclusive, maturing April 1, 1963, through April 1, 1970, inclusive, are and shall be non-callable. In case the Board shall desire to exercise its rights of redemption of all, or, as the case may be, any part of the Bonds numbered 155 through 969, inclusive, maturing April 1, 1971 through April 1, 1995, inclusive, or Bonds numbered 970 through 1225, inclusive, maturing April 1, 1996 through April 1, 2000, inclusive, or in case any Bonds are to be redeemed otherwise than at the option of the Board, it shall file with the Trustee at least thirty (30) days in advance of the redemption date a copy of a notice specifying the redemption date and the numbers of the Bonds to be redeemed, and shall publish in a financial



publication published in the English language in the Borough of Manhattan, City and State of New York, at least once not less than thirty (30) days before the date fixed for redemption, a notice to the effect that the Board will redeem all the Bonds, or a part thereof, as the case may be, on the date therein designated, specifying the maturity dates, and in the case of partial redemption of the Bonds of any maturity, the distinctive numbers of the Bonds of such maturity to be redeemed, and in every case stating that on said redemption date there will become due and payable upon each Bond to be redeemed, at the offices of the Paying Agents, the principal thereof, together with accrued interest to such date, and such premium thereon, if any, as may be stipulated, and that from and after such redemption date interest thereon will cease to accrue. If any of the Bonds to be redeemed are registered as to principal, similar notice shall be sent by the Board through the mails, postage prepaid, at least thirty (30) days prior to such redemption date, to the persons who shall appear by the transfer register of the Board to be the registered owners of such Bonds; but such mailing shall not be a condition precedent to such redemption, and failure to mail any notice shall not affect the validity of the proceedings for the redemption of such coupon Bonds. In the event that all outstanding Bonds are registered in the name of a single owner, and notice of redemption is acknowledged by, or sent by registered mail to, such owner, then notice by newspaper publication need not be made. In case the Board shall elect to redeem less than all of the outstanding redeemable Bonds, priority as to redemption shall extend to Bonds numbered 970 through 1225, inclusive, over Bonds numbered 155 to 969, inclusive. Bonds shall be called for redemption in inverse numerical order.

In case of redemption of Bonds through the Application of the proceeds of insurance or the balance of moneys in the Construction Fund, such redemption shall be made upon publication and/or mailing of notice in the manner and with the effect provided in this Article, except that such publication and/or mailing may, at the option of the Trustee, be made by and in the name of the Trustee.

On or before the redemption date specified in the notice above provided for, the Board shall, and it hereby covenants that it will, deposit with the Trustee an amount of cash sufficient to effect the redemption of the Bonds specified in such notice, or cause the Trustee to apply to such purpose moneys theretofore deposited with the Trustee under the provisions hereof and properly available for such purpose. All moneys deposited by the Board with the Trustee, or set apart by the Trustee, under the provisions of this Indenture, for the redemption of Bonds, shall be held in trust for account of the holders thereof and shall be paid to them respectively upon presentation and surrender of said Bonds accompanied by all interest coupons, if any, maturing after the date fixed for redemption thereof, provided, however, if any such Bonds shall be registered, the same shall be endorsed in blank for transfer if the Trustee shall so require.

From and after the date of redemption designated in such notice (such notice having been given as aforesaid and such deposit having been made or moneys set apart as aforesaid), no further interest shall accrue upon any of the Bonds so to be redeemed, and any coupons for interest pertaining to any such Bonds and maturing after such date shall be void, and all such Bonds, in so far as such deposit shall have been made or moneys set apart as aforesaid, and all such coupons, shall cease to be entitled to the benefit of the lien of this Indenture, and the Board shall be under no further liability in respect thereof.

Section 3.02. All Bonds so redeemed shall forthwith be canceled by the Trustee, which shall deliver such canceled Bonds to the Board.

#### ARTICLE FOUR

#### DISPOSITION OF INCOME AND REVENUES OF THE PROJECT

Section 4.01. As soon as any portion of the Project becomes revenue producing, all rentals, charges, income and revenue arising from the operation or ownership of the Project shall be deposited to the credit of a special fund to be known as the "University of Kentucky Housing and Dining Hall Revenue Fund Account of 1960" (hereinafter referred to as the "Revenue Fund"), which Revenue Fund is hereby created. Such Revenue Fund shall be held in the custody of the Treasurer of the Board, separate and apart from other funds. Such Revenue Fund shall be maintained so long as any of the Bonds are outstanding in a bank which is a member of the Federal Deposit Insurance Corporation, and shall be expended and used by the Treasurer only in the manner and order hereinafter specified.

Section 4.02. There is hereby created a separate and special account or fund which shall be designated the "University of Kentucky Housing and Dining Hall Bond and Interest Sinking Fund Account of 1960" (hereinafter referred to as the "Sinking Fund"). The Sinking Fund shall be established with the Trustee, and shall be maintained so long as any of the Bonds are outstanding. Such Sinking Fund shall be used by the Trustee to pay interest on the Bonds as it becomes due from time to time, and to pay and retire the Bonds as they mature, or as otherwise herein provided.

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

- (1) There will be deposited in the Sinking Fund the accrued interest, if any, received at the time or times of the sale or sales of the Bonds, together with such further sum from the Bond proceeds deposited in the Construction Fund as will cause the total so deposited to equal all interest maturing until the Project becomes revenue producing.
- (2) When any portion of the Project becomes revenue producing, the Board shall transfer from the Revenue Fund and deposit to the credit of the Sinking Fund on or before September 15, 1960, March 15, 1961, September 15, 1961, and March 15, 1962, such sums as will be sufficient, together with balances in the Sinking Fund, to pay interest coupons on all of the outstanding Bonds, to become due on October 1, 1960, April 1, 1961, October 1, 1961, and April 1, 1962, respectively, and thereafter on or before September 15, 1962, and on or before March 15 and September 15 in each and every year during the life of the Bonds, Thirty-seven Thousand Five Hundred (\$37,500.00) Dollars, until the funds and/or investments therein are sufficient to meet the interest on the outstanding Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a debt service reserve in the sum of One Hundred Fourteen Thousand



(\$114,000.00) Dollars, and thereafter, on or before each succeeding March 15 and September 15, in each and every year during the life of the Bonds, such sums from said sources as may be necessary to meet the interest on the Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months and maintain the debt service reserve in the sum of One Hundred Fourteen Thousand (\$114,000.00) Dollars. All such deposits shall be cumulative, and a deficiency in any year shall be made up in the subsequent year or years.

Section 4.03. Immediately prior to each April 1 and October 1, the Trustee shall transfer from the Sinking Fund to the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, in its capacity as the New York Paying Agent named herein, funds sufficient to enable said New York Paying Agent to pay maturing Bonds and interest coupons, if any, as are there presented by the persons entitled to receive payment therefor; or shall make such arrangements with said New York Paying Agent as to secure the prompt payment of maturing Bonds and coupons, if any, as are there presented. The Trustee shall make similar arrangements in the event of redemption of any Bonds pursuant to Article Three of this Indenture. All such arrangements shall include provisions for the payment to the New York Paying Agent of its reasonable fees and charges for its services in paying and cancelling Bonds and coupons, if any, in order that the persons entitled to receive payment therefor may receive the full amount due and payable without deduction of any sum for the compensation of the New York Paying Agent.

Section 4.04. Subject to the foregoing, the current expenses of the Project shall be payable from the Revenue Fund as the same become due and payable. "Current expenses" shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation of the Project; but there shall be excluded therefrom depreciation, all general administrative expenses of the Board and the University, and the payment into the "Maintenance Fund" hereinafter provided for.

Section 4.05. As soon as the required reserve is accumulated in the Sinking Fund, the Board will establish with the Trustee a separate account called the "University of Kentucky Housing and Dining Hall Building Maintenance and Equipment Reserve Account of 1960" (herein referred to as the "Maintenance Fund"), into which shall be deposited from the Revenue Fund on or before the close of each fiscal year, after payment of current expenses as provided in Section 4.04, the sum of Twelve Thousand (\$12,000.00) Dollars annually until the funds and/or investments in the account shall aggregate One Hundred Twenty Thousand (\$120,000.00) Dollars, and thereafter such sums, but not more than Twelve Thousand (\$12,000.00) Dollars annually, as may be required to maintain a balance of One Hundred Twenty Thousand (\$120,000.00) Dollars therein. All moneys in the Maintenance Fund may be drawn on and used by the Board for the purpose of paying the costs of unusual and extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of furniture or equipment not paid as part of the ordinary and normal expense of Project operation. However, in the event the funds in the Sinking Fund should be reduced below One Hundred Fourteen Thousand (\$114,000.00) Dollars, funds on deposit in the Maintenance Fund shall be transferred to the Sinking Fund to the extent required to eliminate the deficiency in the Sinking Fund.

Section 4. 06. Subject to making the foregoing maximum deposits, which are cumulative, any balance remaining in the Revenue Fund at the close of each fiscal year, after first reserving an amount equal to the estimated cost of operating and maintaining the Project for the ensuing fiscal year, may be transferred to the Sinking Fund or may be used for any improvements, extensions or additions to the Project.

Section 4. 06. Moneys from time to time set aside in the Revenue Fund shall be applied solely as set forth in this Article Four, and under no circumstances shall any moneys deposited in the Revenue Fund be used for the general purposes and functions of the University.

## ARTICLE FIVE

### PARTICULAR COVENANTS OF THE BOARD

Section 5. 01. The Board covenants and agrees that it is the lawful owner of the property which is to be the site of the Project, as hereinafter described in Article Thirteen; that said property is free from any and all liens and encumbrances prior to or on a parity with the lien of this Indenture, and that it will warrant and defend the title thereto against all claims and demands whatsoever. A statutory mortgage lien, as provided by Sections 162. 350 and 162. 209 of the Kentucky Revised Statutes now in full force and effect, is hereby recognized as valid and binding on the Project and appurtenant facilities, and is created and granted to and in favor of the holder or holders of the Bonds and the coupons attached thereto; and said Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on all Bonds of this series.

Section 5. 02. The Board covenants and agrees that it will establish and maintain, so long as any Bonds are outstanding under this Indenture, such parietal rules, and such rental rates, fees and other charges for the occupancy and use of the Project facilities as will be sufficient to produce revenues sufficient to pay the principal of and interest on the Bonds as such principal and interest become due, to build up and maintain the reserves for which provision is herein made, and to pay the current cost of operating and maintaining the Project. An initial rate is hereby established in the sum of Two Hundred Eighty Dollars (\$280. 00) per regular term for each student using or occupying the dormitory facilities of the Project, and an initial rate is hereby established in the sum of Three Hundred Twenty Dollars (\$320. 00) per regular term for each student using the facilities or taking the services offered by the dining hall of the Project.

It is further covenanted and agreed by the Board that all rentals, charges, income and revenues arising from the ownership or operation of the Project to the extent of Seventy-five Thousand Dollars (\$75, 000. 00) annually shall be, and are hereby, specifically pledged to secure the payment of these Bonds and the coupons appurtenant thereto so long as any shall remain outstanding, and a lien thereon is created and granted to and in favor of the holder or holders of the Bonds and appurtenant coupons until the payment of the same in full.

The Board further covenants and agrees that while any of the Bonds are outstanding hereunder, it will, except as provided in Section 4.04, pay the current expenses of the Project, and except as provided in Section 4.05, provide all replacements of furniture and movable equipment from available funds other than the revenues derived from the operation of the Project.

Section 5.03. The Board covenants and agrees that it will not suffer or permit any default to occur under this Indenture, but will faithfully observe and perform all of the conditions, covenants and requirements hereof obligatory upon it.

Section 5.04. The Board covenants and agrees that it will duly and punctually pay or cause to be paid the principal sum, and the interest accruing on said principal, on each and every one of the Bonds issued hereunder, at the dates and places, and in the manner provided in said Bonds and in the coupons thereunto appertaining, according to the terms thereof and of this Indenture; and that so long as any of the Bonds shall remain outstanding and unpaid, it will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any Bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise; that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the Board, then, anything in this Indenture contained to the contrary notwithstanding, such interest coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds issued hereunder and of such interest coupons and claims for interest as shall not have been so extended.

Section 5.05. Upon acceptance of the Project from the contractor, the Board shall procure and maintain, so long as any of the Bonds are outstanding, fire and extended coverage insurance on the Project in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed eighty (80%) per centum of the full insurable value of the damaged property. Such insurance shall be in reputable insurance companies, or, at the option of the Board, may be procured and maintained through the State Fire and Tornado Insurance Fund of the Commonwealth of Kentucky in reputable insurance companies, loss, if any, to be made payable to the Trustee as its interests may appear. The Board will, within a reasonable time after the execution hereof, and within four (4) months after the close of each calendar year thereafter, furnish to the Trustee a statement in writing, signed by an officer of the Board, setting forth the full insurable value of the Project and describing all insurance then in force. The Trustee may, at its option, require the Board to deposit with it any or all such insurance policies, and shall require such deposit if any event of default occurs. If the total received by the Trustee upon all policies shall in the case of one loss be less than the sum of Ten Thousand (\$10,000.00) Dollars, the amount shall be paid to the Board by the Trustee, to be used by the Board to pay for replacement or repairs or substitutes for the damaged or destroyed property, but the Trustee shall not be obligated to see to the application thereof. In all other cases, the proceeds of any and all insurance on the Project which may be received by the Trustee shall be held and applied by the Trustee as hereinafter provided.

Immediately upon occupancy of the Project, and so long thereafter as the funds and investments in the Sinking Fund are less than the debt service reserve specified in Section 4.02 (2), the Board will procure and maintain

use and occupancy insurance or loss of rentals insurance, in an amount sufficient to enable it to deposit in the Sinking Fund, out of the proceeds of such insurance, an amount equal to the sum which would normally have been available for deposit in such Sinking Fund from the revenues produced by the damaged building during the time the damaged building is non-revenue producing as a result of loss of use caused by hazards covered by fire and extended coverage insurance. The loss payable clause of this insurance agreement shall likewise be made payable to the Trustee.

Unless provision is otherwise made for disposition of liability claims against the Commonwealth (as is the case at the date of this Indenture) upon acceptance of the Project from the contractor, the Board shall, if such insurance is not already in force, (but only if and to the extent authorized or permitted from time to time by applicable laws) procure and maintain, so long as any of the Bonds are outstanding, (a) boiler insurance covering any steam boilers servicing the Project in a minimum amount of Fifty Thousand (\$50,000.00) Dollars, and (b) Public Liability Insurance with limits of not less than \$50,000.00 for one person and \$100,000.00 for more than one person involved in one accident to protect the Board from claims for bodily injury and/or death which may arise against the Board and the University from the operations thereof, including the use or occupancy of its grounds, structures and vehicles. Such insurance shall be in reputable insurance companies, or, at the option of the Board, may be procured and maintained through the Department of Insurance of the Commonwealth of Kentucky in reputable insurance companies.

All insurance moneys (except the proceeds of use and occupancy insurance, which shall be deposited in the Sinking Fund; and all property insurance proceeds in amounts of less than Ten Thousand (\$10,000.00) Dollars above provided to be paid over to the Board) received by the Trustee under the provisions of this Section shall be held by the Trustee as substituted security, and the same shall be by the Trustee paid out from time to time upon written orders of the Board, signed by the Chairman and Secretary, and accompanied by an approving certificate of an architect or engineer, for the purpose of paying the reasonable cost of repairing or replacing part or all of the property damaged or destroyed; provided, however, that the Board shall have furnished, in addition to the proceeds of such insurance, such moneys as may be required to complete such repairs or replacements, and said insurance moneys shall be paid out by the Trustee only when the same shall be fully sufficient to complete such repairs or replacements, as shown by the said certificate of an architect or engineer. Every such order of the Board for the payment of insurance moneys shall state that the Board is not in default under any of the terms and provisions of this Indenture. The Trustee shall be fully protected in paying any such cash to or upon the order of the Board upon receipt of the showings above specified, but the Trustee shall have the right, but shall not be obliged, to require the Board to furnish such additional evidence in the premises as the Trustee may deem necessary in order to establish the right of the Board to the withdrawal of any such insurance moneys. In the event insurance proceeds shall remain after the completion of such repairs or replacements, then the Trustee shall deposit such moneys in the Sinking Fund provided for by Article Four hereof, and such moneys shall be applied to the retirement of Bonds in the manner provided in Section 7.06 hereof, upon the first permissible redemption date.

Section 5.06. The Board covenants and agrees that it will at all times maintain, preserve and keep the Project and every part thereof in good

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

Section 5.07. The Board covenants and agrees that if it shall fail to perform any of the covenants in Sections 5.04, 5.05, and 5.06 hereof, the Trustee or receiver appointed hereunder, as herein provided, may make advances to perform the same in its behalf; and it hereby agrees to pay all sums so advanced in its behalf, on demand, with interest at the rate of six per centum (6%) per annum after demand, and all sums so advanced with interest as aforesaid shall be secured hereby, having the benefit of the lien hereby created, in priority to the indebtedness evidenced by the Bonds and coupons issued hereunder; but no such advance shall be deemed to relieve the Board from any default hereunder.

Section 5.08. The Board covenants and agrees that whenever necessary to avoid or fill a vacancy in the office of the Trustee, the Board, in the manner provided in Section 11.05 hereof, will appoint a trustee so that there shall at all times be a trustee hereunder which shall at all times be a bank or trust company having its principal office and place of business in the Commonwealth of Kentucky, if there be such a bank or trust company willing and able to accept the trust upon reasonable or customary terms, and which shall at all times be a corporation organized and doing business under the laws of the United States or of the Commonwealth of Kentucky, with a capital and surplus of at least One Million (\$1,000,000.00) Dollars, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or State authority.

Section 5.09. The Board covenants and agrees that it will not issue, or permit to be issued, any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and that it will faithfully observe and perform all conditions, covenants and requirements of this Indenture and of all indentures supplemental thereto.

Section 5.10. The Board covenants and agrees upon completion of the Project, to provide from sources other than the proceeds of the sale of the Bonds secured hereby and from sources other than the funds pledged hereunder and in a manner which will not jeopardize the security of the Bonds, the furnishings and equipment necessary to the full enjoyment of the use and occupancy of the Project.

Section 5.11. The Board covenants that there shall be no free use or occupancy of the Project so long as any of the Bonds hereunder are outstanding.

Section 5.12. The Board will maintain an office or agency while any of the Bonds are outstanding at each place at which the principal of or interest



on any of the Bonds shall be payable, where notices, presentations and demands to or upon the Board in respect of this Indenture of or such Bonds or coupons as may be payable at such places may be given or made, and will give the Trustee written notice of the location of and any change in the location of each such office or offices, agency or agencies. In case the Board shall fail at any time to designate and maintain any such office or offices, agency or agencies, the principal office of the Trustee shall be conclusively deemed to be the office or agency of the Board for all such purposes, and the Board hereby appoints the Trustee its agent on its behalf to receive all such notices, presentations and demands. The Board covenants and agrees to keep books at the office of the Trustee for the transfer and registration of Bonds as hereinbefore provided. The Trustee shall be under no duty with respect to any presentation, demand or notice served upon it except such duty, if any, with respect thereto as may exist by reason of any other of the provisions of this Indenture.

Section 5.13. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. It further covenants that not later than ninety (90) days after the close of each fiscal year, beginning with the fiscal year ending June 30, 1962, it will furnish to the Trustee, and to any Bondholder who shall request the same in writing, copies of audit reports prepared by an independent certified public accountant, or a firm of independent certified or registered public accountants, who shall be satisfactory to the Trustee, or by appropriate State auditing official, reflecting in reasonable detail the financial condition and record of operation of the University, the Project, and pledged facilities during the preceding fiscal year.

## ARTICLE SIX

### DEPOSITORIES OF MONEYS, SECURITY

### OF DEPOSITS, AND INVESTMENT OF FUNDS

Section 6.01. All moneys deposited with the Trustee or any other bank or banks under the provisions of this Indenture shall be trust funds under the terms hereof, and shall not be subject to lien or attachment by any creditor. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

All moneys deposited with the Trustee or any other bank or banks hereunder shall be continuously secured, for the benefit of the Board and the holders of the Bonds, either (a) by lodging with a bank or trust company approved by the Treasurer of the Board as custodian, as collateral security, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) as to all or any part of such deposit, by lodging with the Treasurer of the Board the indemnifying bond or bonds of a surety company or companies qualified as surety for United States Government deposits and qualified to transact business in the Commonwealth of Kentucky in a penal sum not less

than the amount of moneys so deposited or such part thereof not otherwise secured as herein provided; such bond or bonds to be approved in writing by the Treasurer of the Board, or (c) if the furnishing of security as provided in clause (a) of this Section is not permitted by applicable law, then in such manner as may then be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Paying Agent or the Alternate Paying Agent to give security for the deposit of any moneys with it solely for the payment of the principal of or the interest on any Bonds issued hereunder.

Section 6.02. Moneys held for the credit of the Sinking Fund and the Maintenance Fund shall be invested by the Trustee, if so directed by resolution of the Board, in direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States Government. Obligations so purchased shall be deemed at all times to be a part of the Sinking Fund or the Maintenance Fund as the case may be, and the interest accruing thereon and any profit realized from such investment shall be credited to the Sinking Fund or the Maintenance Fund according to the source of the funds so invested. The Trustee shall sell at the best price obtainable any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment from the Sinking Fund or the Maintenance Fund. Neither the Trustee nor the Board shall be liable or responsible for any loss resulting from any such investment.

## ARTICLE SEVEN

### CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 7.01. A fund is hereby created and designated as the "Construction Fund," to the credit of which there shall be deposited, as received, the proceeds of the Bonds, with the exception of accrued interest, if any, received from the purchaser or purchasers of the Bonds, and any additional sum from Bond proceeds which is required by Section 4.02 hereof to be deposited in the Sinking Fund. The moneys in the Construction Fund shall be held in trust and applied to the payment of the costs of the Project in accordance with and subject to the provisions of this Article, and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Indenture, and shall be held for the further security of such holders until paid out as herein provided.

Section 7.02. The Board covenants and agrees that prior to the awarding of any contract for the construction of the Project or any part thereof, it will deposit or cause to be deposited in the Construction Fund, from sources other than Bond proceeds and from sources and in a manner that will not jeopardize the security pledged to the payment of the principal of and the interest on the Bonds, such amount of its own funds as, together with the Bond proceeds, will assure payment of all costs of constructing the Project.

Section 7. 03. For the purposes of this Article the cost of the Project shall include, without intending thereby to limit or restrict or extend any proper definition of such cost under any applicable laws or under this Indenture, the following:

(a) Obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project;

(b) the interest accruing upon the Bonds prior to the commencement of and during the construction of the Project;

(c) the fees and expenses of the depository or depositories of the Construction Fund during construction, and premiums on insurance in connection with the Project during construction, unless such insurance during construction is carried by the respective contractors and builders pursuant to the terms of their respective construction contracts;

(d) fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the construction of the Project;

(e) expense of administration properly chargeable to the Project, including the sum of Seven Thousand Five Hundred (\$7,500.00) Dollars, which is the agreed fixed fee of the Housing and Home Finance Agency of the United States Government in supervising and inspecting the work appertaining to the development of the Project, and auditing the books, records, and accounts pertaining to the Project as set forth in Section 5 of a certain Loan Agreement between the Board and the United States of America, Housing and Home Finance Agency, dated June 1, 1960;

(f) any obligation or expense heretofore or hereafter incurred by the Board or by any other agency of the Commonwealth of Kentucky for any of the foregoing purposes, including the repayment of any advances made by the United States of America, Housing and Home Finance Agency, with interest thereon as provided in and by the said Loan Agreement identified in the foregoing sub-paragraph (e).

Section 7. 04. Before any payment shall be made by any depository from the Construction Fund, there shall be filed with such depository a requisition for such payment signed by the President and Treasurer of the University of Kentucky, acting for that purpose as agents of the Board, stating each amount to be paid, the name of the person, firm or corporation to whom payment is due, and the purpose for which the obligation was incurred, and certifying:

(1) that obligations in the stated amounts have been incurred and are a proper charge against the Construction Fund and have not been paid;

(2) that, so far as they are aware, there has not been filed with or served upon the Board or any proper officer or agent of the University, notice of institution of any claim or legal proceeding challenging the legality of any proceedings theretofore had in connection with the authorization, issuance, sale and delivery of Bonds pursuant to this Indenture, or challenging the right or authority of the Board or University with respect to the



application of moneys in the Construction Fund to the costs of constructing the Project, or claiming or asserting any lien or other legal right to perfect a lien upon the Project or any moneys in the Construction Fund, except such claims, actions, liens or asserted rights as have been released or will be released simultaneously with the payment of the obligations identified in such certificate;

(3) that in so far as any obligation mentioned in such requisition was incurred for work, materials, supplies or equipment in connection with the construction of the Project, such work was actually performed, or such materials, supplies or equipment was actually delivered or installed at the site of the Project for that purpose, or delivered for fabrication at a place approved by the President of the University and by the Engineer having supervision or the construction of the Project; and

(4) that the amount which will remain in the Construction Fund after payment of the obligations mentioned in such requisition, plus an amount equal to the proceeds to be derived from the sale of any Bonds authorized under this Indenture, but not theretofore issued, will be sufficient to pay all costs of the Project.

Section 7.05. All requisitions received by any depository of the Construction Fund as required in this Article shall be retained in the possession of said depository, subject at all times to inspection by the Board, any officer or agent of the Board or of the University, any other officer or agent or agency of the Commonwealth of Kentucky, representatives or agents of the Housing and Home Finance Agency of the United States of America, and any other interested person.

Section 7.06. When the Project shall have been completed and equipped and opened for use and occupancy, a certificate to that effect shall be signed by the President and Treasurer of the University and by the Engineer having supervision of construction of the Project so stating, accompanied by an opinion of counsel that an examination of the appropriate public records reveals no uncanceled liens or claims or liens of mechanics, laborers, contractors or materialmen, with respect to the Project, and that, in the opinion of such counsel, the time within which such liens (whether legally permissible or not) can be filed, has expired. Any balance remaining in the Construction Fund after the filing of such certificate and opinion with the Board, and not necessary in the opinion of the Board to be reserved by it for the payment of any remaining part of the costs of the Project, shall be deposited with the Trustee to the credit of the Sinking Fund, and, except for any portion of such balance remaining under One Thousand (\$1,000.00) Dollars, shall be used by the Trustee for the redemption of Bonds then outstanding under this Indenture, and in accordance with the redemption provisions set forth in said Bonds and in this Indenture upon the earliest permissible redemption date. The Trustee may take such action to redeem outstanding Bonds as soon as redemption is legally permissible after the transferring of moneys from the Construction Fund to the Sinking Fund, and without specific authorization on the part of the Board; but the Trustee shall in any event report its actions in this connection promptly to the Board and to the President of the University.

ARTICLE EIGHT  
SUPPLEMENTAL INDENTURES

Section 8.01. The Board and the Trustee, from time to time and at any time, subject to the restrictions in this Indenture contained, may, and when so required by this Indenture shall, enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

- (1) To add to the covenants or agreements of the Board for the protection of the Bondholders and of the trust estate other and additional covenants and/or agreements;
- (2) To evidence the succession of another corporation to the Board or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Board in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained; and
- (3) For any other purpose not inconsistent with the terms of this Indenture, and which shall not impair the security of the same, or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any supplemental indenture.

Section 8.02. The Trustee is authorized to join with the Board in the execution of any supplemental indenture, to make the further agreements and stipulations which may be therein contained.

Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be, and be deemed to be, part of the terms and conditions of this Indenture for any and all purposes.

Section 8.03. Any and every such supplemental indenture entered into as required or permitted by the provisions of this Article, may be simultaneously executed in any number of counterparts, and all such counterparts executed and delivered each as an original shall constitute but one and the same instrument.

ARTICLE NINE  
REMEDIES

Section 9.01. No coupon, which in any way before, at, or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains shall, unless accompanied by such Bonds, be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds and of all coupons not so

transferred or pledged. In case the time for the payment of any coupon shall be extended, whether or not such extension be by or with the consent of the Board, such coupon shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds then outstanding and all coupons the time for the payment of which shall not have been extended.

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

- (a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) payment of any installment of interest shall not be made when the same shall become due and payable or within thirty (30) days thereafter; or
- (c) the Board shall discontinue or unreasonably delay or fail to carry on with reasonable dispatch the construction of the Project; or
- (d) the Board shall for any reason be rendered incapable of fulfilling its obligations hereunder; or
- (e) the Project shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction, or to lack of funds therefor or for any other reason); or
- (f) an order or decree shall be entered, with the consent or acquiescence of the Board, appointing a receiver or receivers of the Project or of the income therefrom, or if such order or decree, having been entered without the acquiescence or consent of the Board, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; or
- (g) the Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Board to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding.

Section 9.03. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then outstanding shall, by a notice in writing to the Board, declare the principal of all the Bonds then outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained

in the Bonds or in this Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, moneys shall have accumulated in the Sinking Fund sufficient to pay all arrears of principal or interest, if any, upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (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.

If the principal of the Bonds shall be declared due and payable as hereinabove provided, the Board covenants and agrees to pay the principal of such Bonds and the interest thereon (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the Bonds by this Indenture) to the Trustee as trustee of an express trust for the Bondholders.

Section 9.04. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding hereunder shall proceed, subject to the provisions of Section 9.08 of this Indenture, to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth of Kentucky or under this Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Board for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Board, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the Bonds by this Indenture) in any manner provided

by law, the moneys adjudged or decreed to be payable.

Section 9.05. If at any time the moneys in the Sinking Fund shall not be sufficient to pay the principal or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 9.03 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purposes, whether through the exercise of the remedies in this Article provided for or otherwise, shall be applied as follows:

- (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied  
First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

Third: to the payment of the interest on and the principal of the Bonds and to the redemption of Bonds, all in accordance with the provisions of Article Nine of this Indenture.

- (b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.
- (c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.03 of this Article, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 9.01 of this Article.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the banks or trust companies at which the Bonds shall be payable, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Board, to any Bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond shall be surrendered to the Trustee for appropriate endorsement.

Section 9.06. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Board, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 9.07. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding hereunder shall have the right, subject to the provisions of Section 9.08 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which would be unjustly prejudicial to Bondholders not parties to such direction.

Section 9.08. No holder of less than all of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, nor unless the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, nor unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby



declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no holder of less than all the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds and coupons.

Section 9.09. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee or by the holder of the Bonds, may be enforced by the Trustee or by such holder without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto. Any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds and coupons, subject to the provisions of this Indenture.

Section 9.10. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.11. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and so often as may be deemed expedient.

The Trustee may, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 9.12. The Trustee shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other Bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default set forth in clause (a) or in clause (b) of Section 9.02 of this Article within thirty (30) days after any such event of default shall have occurred. If in any year ending April 1 the total amount of deposits to the credit of the Sinking Fund shall be less than the amounts required so to be deposited under the provisions of Article Four of this Indenture, the Trustee, on or before the first day of May following the end of such year, shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail



any notice required by this Section.

## ARTICLE TEN

### RELEASE AND DISCHARGE OF INDENTURE

Section 10.01. Whenever the Board shall pay, or cause to be paid, the principal and interest due and to become due upon all the Bonds hereby secured and then outstanding, or shall provide for full payment thereof by depositing with the Trustee hereunder, for the discharge of such Bonds and coupons, the entire amount due and to become due thereon for principal and interest, and shall, in case of redemption of all of the outstanding Bonds, deliver to the Trustee proof satisfactory to it that notice of redemption of all of the outstanding Bonds has been duly given, or a written instrument executed by the Board under its corporate seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Board, together with the moneys necessary to pay the cost of giving such notice, and shall pay the Trustee in full for all services rendered by it hereunder, and all lawful claims accruing to it by virtue of this instrument, and shall well and truly keep and perform all of the things herein required to be kept and performed by it, according to the true intent and meaning of this Indenture, then and in that event these presents and the trust hereby created shall cease and terminate, and future payments from the revenues hereby pledged to the Trustee shall thereupon cease, terminate and become void, except as to the moneys deposited for payment of principal and interest due or to become due on said Bonds and coupons which shall be held by the Trustee and shall be applied by said Trustee to the payment of such Bonds and coupons upon the presentation and surrender thereof. Any deposit of money with the Trustee for the purpose of paying and sufficient in amount to pay certain of the Bonds and interest due and to become due thereon, or certain of the coupons appertaining thereto, shall discharge the liability of the Board on the Bonds and/or coupons for payment of which such deposit shall be made. In case of full payment of all the Bonds and coupons and the discharge of all other obligations on the part of the Board as herein provided, or in case of the deposit of a sufficient sum of money for the full payment of the Bonds and coupons, and the discharge of all other obligations on the part of the Board, as herein provided, the Trustee, in either case, if the Trustee first shall have received:

- (1) A certificate of the Chairman and the Treasurer of the Board stating that the conditions precedent to the release and discharge of this Indenture have been complied with, and
- (2) An opinion of Counsel stating that in his opinion the conditions precedent to the release and discharge of this Indenture have been complied with,

shall execute and deliver to the Board on demand, at the cost and expense of the Board, all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.02. Whenever the Board shall present to the Trustee for cancellation all Bonds (with all coupons thereunto appertaining), which have

been authenticated by the Trustee and delivered to or upon the direction of the Board, and have not previously been paid or redeemed, or otherwise retired and cancelled, and shall request the Trustee upon cancellation of such Bonds and coupons to acknowledge satisfaction and termination of this Indenture, and shall pay the Trustee in full for all services rendered by it hereunder and all lawful claims accruing to it by virtue of this instrument, then and in that event the Trustee, if the Trustee first shall have received the certificate and the opinion mentioned, respectively, in paragraphs (1) and (2) of Section 10.01 of this Article, shall execute and deliver to the Board all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.03. The satisfaction and discharge of this Indenture pursuant to Section 10.01 and 10.02 of this Article shall be without prejudice to the right of the Trustee to be paid any compensation then due it hereunder and to be protected and saved harmless by the Board from any and all losses, liabilities, costs and expenses, including counsel fees, at any time incurred by the Trustee hereunder or connected with any Bond issued hereunder, and the Board hereby covenants to protect and save the Trustee harmless from any and all such losses, liabilities, costs and expenses incurred in acting under this Indenture, except such as may be caused by the negligence or willful default of the Trustee.

## ARTICLE ELEVEN

### CONCERNING THE TRUSTEE

Section 11.01. The Trustee hereby accepts the trusts imposed upon it by this Indenture, but only upon and subject to the following express terms and conditions:

- (a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof and the Board covenants and agrees to repay upon demand all such outlays and expenditures so incurred.
- (b) Except for the authentication of the Bonds and approval of insurance policies, the Trustee shall not be responsible for any recitals herein or in said Bonds, or for insuring the project or collecting any insurance moneys or for the execution of this Indenture or of any supplemental indenture or instrument of further assurance or for the validity thereof, or for the affixing or cancellation of any revenue stamps, or for the sufficiency of the security for the Bonds issued under or intended to be secured hereby, or for the value or title of the Board to any of the Project, or for the payment of or for keeping down taxes, charges, assessments or liens upon the same, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the

performance or observance of any covenants, conditions or agreements on the part of the Board contained herein; but the Trustee may require of the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the Project.

- (c) All moneys received by the Trustee under any provision of this Indenture shall, until used or applied as provided in this Indenture, be held in trust for the purpose for which such moneys were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall not be obliged to pay interest on such moneys, save such as it shall agree to pay thereon. Holders of Bonds and/or coupons shall not be entitled to interest on funds deposited for payment of such Bonds and/or coupons. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.
- (d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond secured hereby, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.
- (e) The Trustee shall not be compelled to do any act hereunder, or to take any action toward the execution or enforcement of the trusts hereby created or to prosecute or to defend any suit in respect hereof, unless indemnified to its satisfaction against loss, cost, liability and expense.
- (f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Board signed by the Chairman and attested by the Secretary as sufficient evidence of the facts therein contained, and shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, in its discretion, at the reasonable expense of the Board, in every case secure such further evidence as it may think necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Board, under its corporate seal, to the effect that a resolution in the form therein set forth has been adopted by the Board, as conclusive evidence that said resolution has been duly adopted, and is in full force and effect. The Trustee may in relation to this Indenture act upon the opinion or advice of any attorney, valuator, surveyor, engineer,

accountant, or other expert, whether retained or selected by the Trustee, the Board, or otherwise, and shall not be responsible in the absence of negligence or fault, for any loss resulting from any action or non-action in accordance with any such opinion or advice.

- (g) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be within the discretion or power conferred upon it by this Indenture, and the Trustee shall be answerable only for its own acts, receipts, neglects and defaults, but not for any loss unless the same shall happen through neglect or negligence.
- (h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the holders of at least five (5%) per cent in principal amount of the Bonds hereby secured and then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the office of such Trustee.
- (i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, architects, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and contracts of the Board and University, and to take such memoranda from and in regard thereto as may be desired.
- (j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.
- (k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or securities, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinion, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, and by the Trustee deemed desirable for the purpose of establishing the right of the Board to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee. The Trustee shall not be required, except as otherwise herein provided, to authenticate any Bonds, permit the withdrawal of any cash, or take any other action if at the time there exists to its knowledge any default in respect of any of the covenants, agreements or provisions of this Indenture.

Section 11.02. The Trustee shall have a first lien hereunder upon the pledged funds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense of defending against any liability in the premises of any character whatsoever, and the Board hereby covenants and agrees to pay unto the Trustee reasonable compensation for its services in the premises as well as all advances, counsel fees and other expenses reasonably made or incurred in and about the execution of the

trusts hereby created.

Section 11.03. The Trustee may at any time resign and be discharged of the trusts hereby created by mailing written notice to the Board or to the President of the University and to each registered owner of Bonds, specifying the day upon which such resignation shall take effect, and thereafter, unless all outstanding Bonds are registered as to principal, causing notice thereof to be published (a) in a daily newspaper of general circulation at the time published in the English language in the City of Louisville, Kentucky, and (b) in a financial newspaper published in New York, N. Y. in the English language, once a week for three (3) consecutive weeks prior to the date upon which such resignation shall take effect; and such resignation shall take effect upon the day specified in such notice unless previously a successor Trustee shall have been appointed by the Bondholders or the Board in the manner hereinafter provided in Section 11.05 of this Article, and in such event such resignation shall take effect immediately on the appointment of such successor Trustee.

Section 11.04. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Trustee and to the Board, and signed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding.

Section 11.05. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in principal amount of the Bonds thereby secured and then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of any such event the Board by an instrument executed by its order, and signed by the Chairman, and attested by the Secretary, under its corporate seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Board shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank of the character specified in Section 5.08 hereof.

Section 11.06. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Board or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it to its successor. Should any deeds, conveyance or instrument of writing from the Board be required by any successor for more fully and certainly vesting in such Trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

## ARTICLE TWELVE

### MISCELLANEOUS PROVISIONS

Section 12.01. In case the principal of any of the Bonds shall not be punctually paid when due at maturity, whether by declaration or lapse of time, and/or in case any installment of interest thereon shall not be punctually paid when due, then upon deposit with or receipt by the Trustee of moneys sufficient to pay such overdue principal and/or installments of interest (together with moneys sufficient to pay interest due and to become due thereon up to the date when interest upon such overdue principal and/or installment or installments of interest shall cease as herein provided), interest on such overdue principal and/or installment or installments of interest thereon shall cease to accrue one week after the mailing of notice, stating that said moneys have been so deposited or received, to each registered owner of Bonds, or if all the outstanding Bonds are not registered as to principal, then one week after the date of publication by the Board of such notice in a financial publication published in the English language in the Borough of Manhattan, City and State of New York. A copy of such notice shall be delivered by the Board to the Trustee prior to the mailing or publication thereof and the Trustee shall mail a copy of such notice to registered owners of Bonds, but notwithstanding failure so to mail such notice, in case of the publication thereof, interest shall nevertheless cease to accrue as above provided.

Section 12.02. (a) In the event that any Bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof, the Board having deposited with the Trustee in trust for the purpose, or left with it if previously so deposited, funds sufficient to pay the principal of such Bond together with all interest due thereon to the date of the maturity of such Bond or to the date fixed for the redemption thereof, or to pay such coupon, as the case may be, for the use and benefit of the holder thereof, then and in every such case, interest on said Bond or on said unpaid coupon, and all liability of the Board to the holder of said Bond for the payment of the principal thereof and interest thereon, as the case may be, shall forthwith cease, terminate and be completely discharged; and thereupon it shall be the duty of the Trustee to hold the funds, so deposited in trust, for the benefit of the holder of such Bond or unpaid coupon, as the case may be, who shall thereafter, as long as the funds deposited or left on deposit for the payment thereof shall remain on deposit with the Trustee, be restricted exclusively to said funds for any claim of whatsoever nature on the part of such holder under this Indenture or on said Bond or any coupons appertaining thereto, or on said unpaid coupon.

(b) In case the holder of any Bond or coupon shall not within six (6) years after such Bond or coupon, as the case may be, shall have become due and payable, and funds for the payment thereof shall have been deposited with the Trustee, claim the amount deposited pursuant to subsection (a) of this Section for the payment thereof, or in case the holder of any Bond or coupon shall not, within six (6) years after the deposit or receipt of moneys under Section 12.01 of this Article, claim the amount so deposited, the Trustee shall upon demand pay over to the Board such amount so deposited if the Board is not at the time in default hereunder to the knowledge of the Trustee. The Trustee



shall be free from any and all liability or responsibility for money so paid over by the Trustee, and the Board shall be liable to the holder of such Bond or coupon only to the extent of the funds so returned to it.

Section 12.03. Except as in this Section otherwise expressly provided, the holders of sixty-five per cent (65%) or more in principal amount of the Bonds at any time outstanding shall have the power, by an instrument or instruments in writing signed by such holders in person or by their duly authorized agents or attorneys or by a committee constituted by an agreement to which any portion of the Bonds shall have been made subject by deposit or otherwise, and delivered to the Trustee, to authorize any modification or alteration of this Indenture or any indenture supplemental hereto or the rights and obligations of the Board under this Indenture or of the holders of Bonds and coupons issued under this Indenture in any particular, approved by the Board, including without limitation by reason of the foregoing (1) release from the statutory mortgage lien of any part of the Project covered thereby, provided the security of any bondholder is not thereby impaired, and (2) waiver of any default and of any rights arising by reason of any default under any of the provisions of the Indenture; and any action herein authorized to be taken with the assent or authority, given as aforesaid of the holders of sixty-five per cent (65%) or more in principal amount of the Bonds at the time outstanding shall be binding upon the holders of all of the Bonds then or from time to time thereafter outstanding under the Indenture as fully as though such action were specifically and expressly authorized by the terms of the Indenture; provided always that no such modification or alteration (a) shall change or impair the obligation of the Board to pay the principal of and interest on the Bonds at the respective dates and at the places and in the respective amounts, as provided in the Bonds, (b) shall give to any Bond or Bonds secured by the Indenture any preference over any other Bond or Bonds so secured, (c) shall authorize the creation of any lien prior to or on a parity with the said statutory mortgage lien, (d) shall deprive any Bondholder of the security afforded by this Indenture, or (e) shall reduce the percentage required by the provisions of this Section for any action under this Section. Any modification of the provisions of the Indenture, made as aforesaid, shall be set forth in a supplemental indenture between the Trustee and the Board in the manner provided in Article Seven.

Section 12.04. The Board and the Trustee agree, and each holder or owner of any Bond or coupon by his acceptance thereof shall be conclusively deemed to have agreed, that any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten per cent (10%) in principal amount of the Bonds outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond, on or after the respective due dates expressed in such Bond.

Section 12.05. This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument. The date of



actual execution of this Indenture shall be the date of execution by the Trustee.

Section 12.06. If there should be any misapplication of the proceeds of the Bonds, such misapplication shall not affect the validity of the Bonds.

Section 12.07. If any section, paragraph, clause or provision of this Indenture shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Indenture.

### ARTICLE THIRTEEN

#### IDENTIFICATION OF THE PROJECT

Section 13.01. The "Project," as defined in Section 1.01 hereof, and as referred to throughout this Indenture, is identified as a dormitory to house approximately 136 women students and a dining hall to serve 1,100 women students, each with necessary appurtenant facilities to be constructed by the Board upon a portion of the campus of the University of Kentucky in the City of Lexington, Fayette County, Kentucky, described as follows:

Beginning at a point in the West property line of Harrison Avenue, said point being 175 feet from the property line of Euclid Avenue; thence N 49° 52' E with the West property line of Harrison Avenue a distance of 209.75 feet to a point; thence N 40° 08' W a distance of 171.08 feet to a point; thence S 49° 52' W a distance of 209.75 feet to a point; thence S 40° 08' E a distance of 171.08 feet to the point of beginning, as shown on the Architect's site plan; and being a part of the same property conveyed to the University of Kentucky by deed dated September 6, 1902, from James K. Patterson, et al, of record in Deed Book 128, page 101, in the Fayette County Court Clerk's office, and also being part of the same property conveyed to the University of Kentucky by deed dated July 24, 1956, from the City of Lexington, of record in Deed Book 238, page 440, in the Fayette County Court Clerk's office.

IN WITNESS WHEREOF, Board of Trustees of the University of Kentucky, the party of the first part has caused its corporate name to be hereunto subscribed by its Chairman and its corporate seal to be hereunto affixed and said seal to be attested, and this Indenture to be countersigned by its Secretary; and the party of the second part, Farmers Bank & Capital Trust Company, to evidence its acceptance of the trust hereby created and vested in it, has caused its corporate name to be hereunto subscribed by its duly authorized President or a Vice-President and its corporate seal to be hereunto affixed and its seal to be attested, and this Indenture to be countersigned by its duly authorized Secretary or a Trust Officer; all as of the day and year first above written, but actually on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

BOARD OF TRUSTEES OF THE  
UNIVERSITY OF KENTUCKY

BY \_\_\_\_\_  
Chairman

(SEAL)

ATTEST:

Countersigned:

\_\_\_\_\_  
Secretary

FARMERS BANK & CAPITAL TRUST  
COMPANY

BY \_\_\_\_\_  
(President) (Vice-President)

(SEAL)

ATTEST:

Countersigned:

\_\_\_\_\_  
(Secretary) (Trust Officer)

STATE OF KENTUCKY

Sct.

COUNTY OF FRANKLIN

On this the \_\_\_\_\_ day of \_\_\_\_\_, 196\_\_\_\_, before  
me, the undersigned Notary Public in and for the State and County aforesaid,  
appeared \_\_\_\_\_ and

\_\_\_\_\_, to me

personally known to be the \_\_\_\_\_ and Secretary, respectively,  
of the Board of Trustees of the University of Kentucky, and \_\_\_\_\_

and \_\_\_\_\_, known

to me to be the President and Trust Officer, respectively, of the Farmers Bank  
& Capital Trust Company, of Frankfort, Kentucky, and each being severally  
sworn, acknowledged for their respective corporations that the seals in each  
instance affixed to the within and foregoing instrument are the corporate seals

of their respective corporations, and that said instrument was executed, signed and sealed by each of them on behalf of their respective corporations, by authority of the governing board of each corporation, and each acknowledged the execution of the said instrument to be the free and voluntary act and deed of his respective corporation.

WITNESS my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 196 \_\_\_\_\_. My Commission expires \_\_\_\_\_.

\_\_\_\_\_  
Notary Public,

(SEAL)

Section 5. Simultaneously with the delivery of any of said Bonds to the purchaser or purchasers thereof, disposition shall be made of the proceeds as provided in said Indenture.

Section 6. This Resolution shall be in full force and effect from and after its adoption.

Section 7. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Adopted by the Board of Trustees of the University of Kentucky at a meeting held on the 13th day of December, 1960.

\_\_\_\_\_  
Chairman, Board of Trustees,  
University of Kentucky

ATTEST:

\_\_\_\_\_  
Secretary

and moved that all rules be suspended and that said proposed Resolution be adopted, which motion was seconded by Ralph J. Angelucci, a member of the Board, and said motion having been duly considered, the Chairman put the question, and upon roll being called, the following voted "Aye": Dr. Ralph J. Angelucci, Mr. R. W. Bushart, Mr. Harper Gatton, Dr. Paul B. Hall, Mr. Robert Hillenmeyer, Mr. Robert P. Hobson, Mr. H. B. Murray, Mr. J. Stephen Watkins, Mr. Floyd H. Wright, Governor Bert Combs. "Nay": None.

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

I. Resolution Authorizing and Providing for the Issuance, Sale and Delivery of University of Kentucky Housing Bonds of 1960 (Alpha Gamma Rho, Sigma Chi).

Board member Robert P. Hobson introduced and caused to be read the proposed Resolution as follows:

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF "UNIVERSITY OF KENTUCKY HOUSING BONDS OF 1960" OF THE UNIVERSITY OF KENTUCKY, TO PAY THE COSTS (NOT OTHERWISE PROVIDED) OF CONSTRUCTING UPON THE CAMPUS OF THE UNIVERSITY A PROJECT CONSISTING OF TWO NEW BUILDINGS FOR HOUSING APPROXIMATELY 96 MALE STUDENTS, INCLUDING DINING FACILITIES WITH NECESSARY APPURTENANT FACILITIES

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WHEREAS, the University of Kentucky and its students are not now being provided with adequate buildings for educational purposes, and in order to provide the same it is necessary that there be constructed upon sites which are hereinafter described, and which are parts of the campus of the University, a Project to consist of two new buildings for housing approximately 96 male students, including dining facilities with necessary appurtenant facilities (hereinafter collectively referred to as the "Project"); and

WHEREAS, plans and specifications for such construction have been prepared and submitted to the Board of Trustees, and the Project and the financing thereof have been approved by the Commissioner of Finance and the State Property and Buildings Commission; and

WHEREAS, under the provisions of KRS 162.340, et seq., now in full force and effect, the Board of Trustees of the University of Kentucky, as the governing body of said State educational institution, is authorized to issue Bonds, as hereinafter provided, for the purpose of financing all or a part of the costs of the said Project; and

WHEREAS, the total cost of said Project is estimated to be Three Hundred Thousand Dollars (\$300,000.00); and

WHEREAS, it is necessary that the Board of Trustees provide at this time for the borrowing of a sum not to exceed Three Hundred Thousand Dollars (\$300,000.00), to provide, together with other available funds, for the estimated total cost thereof;

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

SECTION 1. It is hereby determined and declared that the proper accommodation of male students of the University of Kentucky for educational purposes requires that there be constructed upon the campus of the University of Kentucky, at Lexington, Kentucky, a Project consisting of two new buildings for housing approximately 96 male students, including dining facilities and

necessary appurtenant facilities. The plans and specifications of said Project, as prepared and submitted to this Board, are hereby approved in all respects.

SECTION 2. In order to provide for the payment of the costs of the Project, there shall be, and there are hereby ordered to be, issued by the Board of Trustees of the University of Kentucky, in its corporate capacity and by and through its corporate name, and as a State educational institution and agency, University of Kentucky Housing Bonds of 1960, in the aggregate principal amount of Three Hundred Thousand Dollars (\$300,000.00), dated April 1, 1960, of the denomination of One Thousand (\$1,000.00) Dollars each, to be numbered consecutively from One (1) to Three Hundred (300), both numbers inclusive, bearing interest to be evidenced by coupons attached to each Bond at a rate or rates which, when averaged to maturity on the Bonds covered by the bid, shall not result in an average interest rate on such Bonds in excess of three and one-eighth (3-1/8%) per cent per annum (the exact rate or rates to be determined at the time of the receipt and consideration of bids for the purchasing of said Bonds as hereinafter provided), payable on the first day of October, 1960, and semiannually thereafter on the first days of April and October in each year until maturity. Said Bonds shall in all respects conform to, and be issued in accordance with, the provisions of the Trust Indenture referred to in Section 4 hereof. Said Bonds shall be executed in the name and on behalf of the Board of Trustees by the printed facsimile signature of the Chairman, attested by the manual signature of the Secretary, and the Secretary is hereby authorized and directed to affix to each of said Bonds the corporate seal of the Board of Trustees. The interest coupons shall bear the facsimile signatures of said officers. After said Bonds have been sold by the Board of Trustees, at an advertised public competitive sale, and as soon as said Bonds have been received from the printer, and so executed on behalf of the Board of Trustees, the same shall be delivered for authentication to the Trustee named in said Trust Indenture, accompanied by appropriate certificates, as provided in said Trust Indenture, including a certificate of the identity of the purchaser or purchasers of said Bonds, and the terms upon which the same may be delivered to said purchaser or purchasers.

SECTION 3. The Secretary of this Board is hereby authorized and directed to execute an appropriate form or forms of "Notice of Sale of Bonds," and cause the same to be published in The Courier-Journal, a daily newspaper published in Louisville, Kentucky, and of general circulation throughout the Commonwealth of Kentucky, and one (1) time in The Bond Buyer, a financial newspaper published in New York, New York, and having nation-wide circulation among bond buyers, soliciting sealed competitive proposals for the purchase of said Bonds, the same to be received in the office of the Secretary of the Board of Trustees of the University on the campus of the University of Kentucky, Lexington, Kentucky, until some day and hour when the Board of Trustees, or its Executive Committee, will be in session. Publication in The Bond Buyer shall be made not less than fifteen (15) days nor more than twenty-one (21) days prior to the time stated in the said "Notice of Sale of Bonds," for the opening and consideration of such purchase proposals, and publication in the Louisville Courier-Journal of the said "Notice of Sale of Bonds" shall be made in the same manner. In said Notice purchasers shall be instructed that proposals may be for the purchasing of (a) the entire Three Hundred Thousand Dollars (\$300,000.00) of authorized Bonds; (b) Bonds maturing on

April 1 in the years 1963 through 1970; (c) Bonds maturing on April 1 in the years 1971 through 1980; (d) Bonds maturing on April 1 in the years 1981 through 1990; (e) Bonds maturing on April 1 in the years 1991 to 2000; that the bidders may stipulate one or more interest coupon rates with respect to said Bonds, in multiples of one-eighth of one per cent ( $1/8$  of 1%), provided the average of such rates does not exceed three and one-eighth ( $3-1/8\%$ ) per cent per annum, and only one coupon rate may be stipulated for Bonds maturing on the same date. If a bid carries two or more interest rates on a single block of Bonds, or on combined blocks of Bonds, an average interest rate shall be computed on the basis of the total interest costs at par for such single blocks, or combined blocks, covered by the bid at the offered rates; and if the average rate so obtained is not more than three and one-eighth per cent ( $3-1/8\%$ ), the bid shall be considered to qualify. A minimum bid of par value (plus accrued interest to date of delivery and payment) shall be required. The right to reject bids shall be expressly reserved. If the time stated in the "Notice of Sale of Bonds" for the opening and consideration of purchase bids is not an occasion when the Board of Trustees will meet, the Executive Committee of the Board of Trustees of the University of Kentucky is hereby authorized and empowered to consider all proposals made pursuant to such public notice, to award the Bonds in the manner and for the purposes herein provided, to establish the interest coupon rates which the Bonds shall bear, and to take all other necessary and proper steps in the sale and issuance of the said Bonds; all of which actions by the said Executive Committee are now approved and ratified.

The Secretary is further authorized and directed to execute in multiple copies a statement giving a more complete and particular description of the Bonds, provisions for the security and payment thereof, disposition of Bond proceeds, etc., than is possible within the limits of the published notices, and to furnish copies of such statement to all interested bidders upon request. Such statement may also contain a particular description of the terms and conditions upon which the Bonds are offered for sale, in order to bring about uniformity in the proposals which may be submitted for the purchase of said Bonds.

**SECTION 4.** Said Bonds shall be secured by a Trust Indenture between the Board of Trustees of the University of Kentucky, party of the first part, and Farmers Bank & Capital Trust Company, a combined Bank and Trust Company having corporate trust powers, organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, and having its principal office and place of business in Frankfort, Franklin County, Kentucky, party of the second part. The Chairman and Secretary of the Board of Trustees are hereby authorized and directed to make, execute and deliver such Trust Indenture in substantially the form, text, terms and provisions hereinafter set out; and this Board of Trustees hereby approves, ratifies and confirms all of the covenants, provisions, and stipulations as set out in such Trust Indenture, to-wit:

## TRUST INDENTURE

THIS INDENTURE, dated as of the first day of April, in the year Nineteen Hundred and Sixty (1960), made by and between BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, a body corporate, as a public educational institution of higher learning of the Commonwealth of Kentucky (hereinafter called the "Board"), party of the first part, and FARMERS BANK & CAPITAL TRUST COMPANY, a combined bank and trust company organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, having full powers to act as corporate trustee, and having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, as Trustee (hereinafter called the "Trustee"), party of the second part:

### W I T N E S S E T H:

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

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

WHEREAS, the Board has determined that the said University and its students are not at this time provided with adequate buildings for educational purposes, and has determined that it is necessary to construct upon sites which are parts of the campus of said University in the City of Lexington, Fayette County, Kentucky, and which are hereinafter described and identified, a Project consisting of two (2) new buildings for housing approximately 96 male students, including dining facilities and necessary appurtenant facilities, (hereinafter collectively referred to as the "Project"); and

WHEREAS, pursuant to Section 162.340 et seq., of the Kentucky Revised Statutes now in full force and effect, the Board is authorized to provide all or a part of the costs of said Project, through the issuance and sale of its Revenue Bonds, payable solely from the income and revenues provided to the University through the operation of said Project; and

WHEREAS, the Board of Trustees of the University of Kentucky has duly adopted an appropriate form of Resolution authorizing the issuance of "University of Kentucky Housing Bonds of 1960," dated April 1, 1960, as hereinafter described, and has duly authorized the execution of this Trust Indenture in the form hereof for the purpose of securing the payment of said Bonds and the interest thereon, and to provide for the proper and orderly administration of the revenues of said Project and the Bond proceeds; and

WHEREAS, the coupon Bonds, the coupons appertaining thereto,



the Trustee's Certificate with respect to such Bonds, and provisions for the registration of said Bonds, are to be substantially in the forms following, with appropriate insertions, omissions and variations as in this Indenture provided or permitted:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
UNIVERSITY OF KENTUCKY  
HOUSING BOND OF 1960

No. \_\_\_\_\_

\$1,000.00

The Board of Trustees of the University of Kentucky, a body corporate, as an educational institution and agency of the Commonwealth of Kentucky, for value received, hereby promises to pay solely from the special fund provided therefor, as hereinafter set forth, to the bearer, or, if this Bond be registered, to the registered owner thereof, as hereinafter provided, the sum of \$1,000.00 on the first day of April, 19\_\_\_\_, and to pay, solely from said special fund, interest thereon from the date hereof until payment of principal, at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum, such interest being payable on October 1, 1960, and semiannually thereafter on the first days of April and October in each year, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity of this Bond to be paid only upon presentation and surrender of the annexed coupons as they severally mature, both principal and interest being payable in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for the payment of debts due the United States of America, at the principal office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Franklin County, Kentucky, or, at the option of the holder or registered owner, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of \$300,000.00, all of said Bonds being of the same substance, tenor and effect (except for numbers and maturity dates and interest rates), issued for financing the costs, not otherwise provided, of a Project consisting of two (2) new buildings for housing approximately 96 male students, including dining facilities and necessary appurtenant facilities for educational purposes at the University of Kentucky, at Lexington, Kentucky, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including, among others, Section 162.350 to 162.380, inclusive, of the Kentucky Revised Statutes now in full force and effect.

All of said Bonds are issued under and pursuant to an indenture (said indenture, together with all indentures supplemental thereto as therein permitted, being herein called the "Indenture"), of even date herewith, executed by and between the Board of Trustees of the University of Kentucky, and the Farmers Bank & Capital Trust Company, Frankfort, Franklin County,

Kentucky, as Trustee (said Trustee and any successor Trustee under said Indenture being herein called the "Trustee"), an executed counterpart of which is on file at the office of said Trustee in the City of Frankfort, Franklin County, Kentucky. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and the application of the proceeds of the Bonds; the collection and disposition of the revenues; the fund charged with and pledged to the payment of interest on and principal of said Bonds; the nature and extent of the security; the rights, duties and obligations of said Board of Trustees, and of the Trustee, and the rights of the holders of the Bonds; and by the acceptance of this Bond, the holder hereof assents to all of the provisions of said Indenture. Under authority of the Statutes pursuant to which this Bond is issued, this Bond shall have all the qualities and incidents of a negotiable instrument; and, subject to the provisions for registration endorsed hereon and contained in the Indenture, nothing contained in this Bond, or in said Indenture, shall affect or impair the negotiability of this Bond.

The holder of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or take any action with respect to any default under the Indenture, or to institute, appear in, or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. The Indenture provides for fixing, charging and collecting rentals and other charges for the use of said buildings and appurtenant facilities, identified by a description of the sites upon which the same will be constructed, upon the campus of the University of Kentucky, at Lexington, Fayette County, Kentucky, which rents and charges will be sufficient to pay the costs of maintenance, repair and operation thereof, and the principal of and the interest on said Bonds as the same shall become due, and to provide reserves for such purposes. The Indenture provides for the creation of a special fund designated "Student Housing Interest Sinking Fund Account of 1960" (herein called the "Sinking Fund"), and for the deposit to the credit of said Sinking Fund of a sufficient amount of the revenues of said buildings and appurtenant facilities over and above the costs of such maintenance, repair and operation to pay the principal of and the interest on the Bonds as the same become due, and to provide a reserve for such purposes, which Sinking Fund is pledged to and charged with the payment of said principal and interest.

This Bond, and the issue of which it is one, is payable only from a fixed amount of the gross income and revenues to be derived from the operation of said buildings and appurtenances, which will be set aside as a special fund and pledged for that purpose, and identified as the "Student Housing Bond and Interest Sinking Fund Account of 1960". This Bond does not constitute any indebtedness of the University of Kentucky or its Board of Trustees or the Commonwealth of Kentucky, within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Bonds numbered 1 through 37, inclusive, maturing April 1, 1963 through April 1, 1970, inclusive, are non-callable. The right is hereby reserved to call and redeem the Bonds numbered 38 to 238, inclusive, maturing April 1, 1971, through April 1, 1995, inclusive, prior to the stated maturities thereof, in whole or in part in the inverse order of their numbering, on any interest payment date after April 1, 1970, upon at least thirty

(30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption and a premium for each Bond, as follows: Three per centum (3%) if redeemed October 1, 1970 through April 1, 1975, inclusive; two and one-half per centum (2-1/2%) if redeemed October 1, 1975 through April 1, 1980, inclusive; two per centum (2%) if redeemed October 1, 1980 through April 1, 1985, inclusive; one and one-half per centum (1-1/2%) if redeemed October 1, 1985 through April 1, 1990, inclusive; and one per centum if redeemed after April 1, 1990 and prior to final maturity. The right is hereby reserved to call and redeem the Bonds numbered 239 through 300, inclusive, maturing April 1, 1996 through April 1, 2000, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption. Priority as to prior redemption shall extend to Bonds numbered 239 through 300, inclusive, over Bonds numbered 38 to 238, inclusive. Notice of any such intended redemption identifying the Bonds to be redeemed shall be filed at the office of the Trustee named in the aforementioned Indenture at least thirty (30) days prior to the specified redemption date, and such notice shall be published at least once not less than thirty (30) days prior to said redemption date in a financial publication published in the English language in the Borough of Manhattan, City and State of New York. Any Bonds called for redemption and for the payment of which funds are deposited with said Trustee on the specified redemption date shall cease to bear interest on said redemption date.

This Bond shall pass by delivery unless registered as to principal in the holder's name on the books of said Board of Trustees at the office of Farmers Bank & Capital Trust Company in the City of Frankfort, Franklin County, Kentucky, or at the office of its successor as Trustee under the Indenture, and such registration noted hereon, after which no valid transfer hereof can be made except at such office by the registered owner in person, or by his duly authorized attorney, and similarly noted thereon and hereon, but the same may be discharged from registration by being in like manner transferred to bearer, and after such registered transfer to bearer, this Bond shall be again transferable by delivery, and may again from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the interest coupons, which shall always remain payable to bearer and transferable by delivery. The Board of Trustees and the Trustee may deem and treat the bearer of this Bond, if not registered as to principal, and the bearer of any coupon hereto appertaining, whether or not this Bond be so registered, or if this Bond be registered as herein authorized, the person in whose name the same is registered, as the absolute owner for the purpose of receiving payment and for all other purposes.

A statutory mortgage lien, as provided by Section 162.350 and 162.200 of the Kentucky Revised Statutes now in full force and effect, is hereby recognized as valid and binding on said buildings and appurtenant facilities, and is created and granted to and in favor of the holder or holders of this Bond, and the issue of which it is a part, and in favor of the holder or holders of the coupons attached thereto; and said buildings and appurtenant facilities shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond, and the series of which it is a part.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Indenture, until it shall have been authenticated by the execution by the Trustee of the certificate hereon endorsed.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond, do exist, have happened, and have been performed in due time, form and manner as required by law; and the amount of this Bond, together with all other obligations of said Board of Trustees and of said University of Kentucky, does not exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said buildings and appurtenances will be continuously operated by said Board of Trustees, and that a sufficient portion of income and revenues from the said buildings and appurtenant facilities has been pledged to, and will be set aside into, said special account for the payment of the principal and interest on this Bond, and the issue of which it is a part, as the same will respectively become due.

IN TESTIMONY WHEREOF, Board of Trustees of the University of Kentucky has caused this Bond to be executed by the authorized printed facsimile signature of its Chairman, and its corporate seal to be hereunto affixed, attested by the manual signature of its Secretary, and the coupons hereto attached to be executed with the facsimile signatures of the said Chairman and Secretary; and by the signing of this bond by said Secretary, the Board of Trustees adopts said facsimile signatures to be the authorized and proper signatures of said respective officers, all being done as of the first day of April, 1960.

BOARD OF TRUSTEES OF THE  
UNIVERSITY OF KENTUCKY

(SEAL)

By \_\_\_\_\_  
Chairman  
Board of Trustees

ATTEST:

\_\_\_\_\_  
Secretary  
Board of Trustees

(FORM OF COUPON)

No. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19\_\_\_\_, \*(unless the Bond to which this coupon is attached shall have been called for prior redemption), Board of Trustees of the University of Kentucky will pay to bearer \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in any coin or currency which at said date of payment is legal tender for the payment of debts due the United States of America, out of its "Student Housing Bond and Interest Sinking Fund Account of 1960" at the principal office of Farmers Bank &

Capital Trust Company in the City of Frankfort, Franklin County, Kentucky, or at the option of the holder hereof, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, as provided in and for interest then due on its Housing Bond of 1960, dated April 1, 1960, Number \_\_\_\_\_.

BOARD OF TRUSTEES OF THE  
UNIVERSITY OF KENTUCKY

By \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

\* The phrase in parenthesis should appear only in coupons attached to Bonds numbered 239 to 300, inclusive, and in the coupons maturing on and after October 1, 1970, attached to Bonds numbered 38 to 238, inclusive.

(FORM OF AUTHENTICATION CERTIFICATE  
ON ALL COUPON BONDS)

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

FARMERS BANK & CAPITAL TRUST  
COMPANY, TRUSTEE

By \_\_\_\_\_  
Authorized Officer

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

| Date of<br>Registration | Name of<br>Registered Holder | Signature of Officer<br>of Indenture Trustee |
|-------------------------|------------------------------|----------------------------------------------|
| :                       | :                            | :                                            |
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AND WHEREAS, the Board has duly authorized the issuance of the

Bonds and the execution and delivery of this Indenture, and all other acts and things necessary to make the Bonds, when duly executed on behalf of the Board and authenticated by the Trustee and issued, valid and binding obligations of the Board in accordance with their terms, and to make this Indenture a valid and binding Indenture of Trust for the security of the Bonds, have been done and performed;

NOW, THEREFORE, in consideration of these premises, the acceptance by the Trustee of the Trust hereby created, the purchase and acceptance of the Bonds by the holders hereof, and for and in consideration of the sum of One (\$1.00) Dollar cash in hand paid by the Trustee to the Board at or before the execution and delivery of this Indenture, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds and interest coupons are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all Bonds at any time issued and outstanding hereunder, and the interest thereon according to their tenor, purport, and effect, and in order to secure the performance and observance of all of the covenants, agreements, and conditions therein and herein contained, the Board has pledged, and does hereby pledge to the Trustee, to the extent provided in this Indenture, the gross revenues of the Project as security for the payment of the Bonds and the interest thereon; and it is mutually agreed and covenanted by and between the parties hereto, for the equal proportionate benefit and security of all and singular the present and future holders of the Bonds, and interest coupons issued and to be issued under this Indenture, without preference, priority or distinction as to lien, or otherwise, except as otherwise herein provided, of any Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof or otherwise, as follows:

## ARTICLE ONE

### DEFINITION OF TERMS

Section 1.01 In each and every place in and throughout this Indenture wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed, used and intended to have meanings, as follows:

- (a) "University" - The University of Kentucky, situated in Lexington, Fayette County, Kentucky
- (b) "Board" - The Board of Trustees of the University of Kentucky, as created and existing under the provisions of Sections 164.130 et seq., of the Kentucky Revised Statutes, or its Executive Committee created and elected pursuant to Section 164.190 of the Kentucky Revised Statutes, when exercising the power delegated to it by the Board.
- (c) "Trustee" - Farmers Bank & Capital Trust Company, a combined bank and trust company created and existing under the laws of the Commonwealth of Kentucky, having proper trust powers, and

having its principal office and place of business in the City of Frankfort, Franklin County, Kentucky, or any successor Trustee designated pursuant to the provisions of this Indenture.

- (d) "Paying Agents" - The Trustee, or any successor Trustee, as defined in the foregoing Paragraph (c), and, at the option of the holders of the Bonds and coupons issued under the provisions hereof, Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York.
- (e) "Bonds" - Bonds issued pursuant to the provisions of this Indenture.
- (f) "Project Revenue Fund Account of 1960" - A special fund created in this Indenture to be established by the Board under the terms and conditions of this Indenture.
- (g) "Bond and Interest Sinking Fund Account of 1960" - 1960 Housing Bond and Interest Sinking Fund Account as created by this Indenture.
- (h) "Building, Maintenance and Equipment Reserve Account of 1960" - An account established in this Indenture for the purpose of paying the costs of unusual or extraordinary maintenance or repair expenses, and for the renewal, replacement and renovation of furniture and equipment not otherwise paid for as part of the ordinary and normal expense of the operation of the Project, as defined in (j), infra.
- (i) "Construction Fund" - The special account or fund created in this Indenture into which provision is made for the deposit of the Bond proceeds (exclusive of accrued interest received from the purchaser or purchasers of the Bonds), together with any other funds appropriated by the Board of Trustees as a contribution to the costs of the development of the Project.
- (j) "Project" - Two (2) buildings for housing approximately 96 male students, including dining facilities with necessary appurtenant facilities, to be constructed through application of the proceeds of the construction fund upon portions of the campus of the University of Kentucky, which portions or sites are particularly described in Article Thirteen hereof.
- (k) "Chairman" - The Chairman, and each and every Vice Chairman, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Chairman of the Board.
- (l) "Secretary" - The Secretary, and each and every Assistant Secretary, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Secretary of the Board.
- (m) "Treasurer" - The Treasurer, and each and every Assistant Treasurer, and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Treasurer of the Board.



- (n) "Counsel" - Any counsel appointed by the Board, including any counsel in the employ of the Board or the University and so appointed.
- (o) "Engineer" - Any licensed architect or engineer appointed by the Board, including any such architect or engineer in the employ of the Board or the University and so appointed.
- (p) "Fiscal Year" - The fiscal year shall be the twelve (12) months period beginning July 1 and ending June 30 of the following year.

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

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

## ARTICLE TWO

### EXECUTION, AUTHENTICATION, REGISTRATION AND EXCHANGE OF BONDS

Section 2.01. Save as is herein provided in respect to mutilated, lost, destroyed or stolen Bonds, and in respect to transfers and exchanges, Bonds may be issued hereunder to the aggregate principal amount of Three Hundred Thousand (\$300,000.00) Dollars, and no more. The Bonds shall be issued as coupon Bonds in the denomination of One Thousand (\$1,000.00) Dollars, registrable as to principal only, and numbered as hereinafter provided. The principal of each Bond and the interest thereon shall be payable at the office of Farmers Bank & Capital Trust Company, in the City of Frankfort, Franklin County, Kentucky, or at the principal office of its successor in trust under this Indenture, or, at the option of the holder, at the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America. The Bonds and interest coupons appertaining thereto shall be respectively substantially in the forms hereinbefore set forth, with such omissions, variations and insertions as are required or permitted by the terms of this Indenture, to evidence the terms thereof. This Indenture shall be a continuing lien to secure the full and final payment of the principal of and interest on all Bonds issued, authenticated and delivered pursuant to the terms hereof.

Section 2.02. This Indenture shall secure the payment of the principal of and interest on said coupon Bonds in the aggregate principal amount of Three Hundred Thousand (\$300,000.00) Dollars, each Bond to be designated as a "University of Kentucky Housing Bond of 1960." The said coupon Bonds shall be dated April 1, 1960, and numbered One (1) through Three Hundred

(300), inclusive, and shall bear interest at one or more interest coupon rates to be established upon the basis of competition among bidders when said Bonds are sold at an advertised public sale as hereinafter provided. All such interest on coupon Bonds to the respective maturity dates of principal shall be evidenced by coupons attached to the Bonds, maturing on October 1, 1960, and on April 1 and October 1 thereafter. The Bonds shall mature as to principal on April 1 of the respective years, in accordance with the following schedule:

| <u>BONDS NUMBERED</u><br>(Inclusive) | <u>PRINCIPAL AMOUNT</u> | <u>DATE OF MATURITY</u> |
|--------------------------------------|-------------------------|-------------------------|
| 1-4                                  | \$4,000.00              | April 1, 1963           |
| 5-8                                  | 4,000.00                | April 1, 1964           |
| 9-12                                 | 4,000.00                | April 1, 1965           |
| 13-17                                | 5,000.00                | April 1, 1966           |
| 18-22                                | 5,000.00                | April 1, 1967           |
| 23-27                                | 5,000.00                | April 1, 1968           |
| 28-32                                | 5,000.00                | April 1, 1969           |
| 33-37                                | 5,000.00                | April 1, 1970           |
| 38-42                                | 5,000.00                | April 1, 1971           |
| 43-47                                | 5,000.00                | April 1, 1972           |
| 48-52                                | 5,000.00                | April 1, 1973           |
| 53-58                                | 6,000.00                | April 1, 1974           |
| 59-64                                | 6,000.00                | April 1, 1975           |
| 65-70                                | 6,000.00                | April 1, 1976           |
| 71-77                                | 7,000.00                | April 1, 1977           |
| 78-84                                | 7,000.00                | April 1, 1978           |
| 85-91                                | 7,000.00                | April 1, 1979           |
| 92-98                                | 7,000.00                | April 1, 1980           |
| 99-105                               | 7,000.00                | April 1, 1981           |
| 106-113                              | 8,000.00                | April 1, 1982           |
| 114-121                              | 8,000.00                | April 1, 1983           |
| 122-129                              | 8,000.00                | April 1, 1984           |
| 130-137                              | 8,000.00                | April 1, 1985           |
| 138-146                              | 9,000.00                | April 1, 1986           |
| 147-155                              | 9,000.00                | April 1, 1987           |
| 156-164                              | 9,000.00                | April 1, 1988           |
| 165-173                              | 9,000.00                | April 1, 1989           |
| 174-183                              | 10,000.00               | April 1, 1990           |
| 184-193                              | 10,000.00               | April 1, 1991           |
| 194-204                              | 11,000.00               | April 1, 1992           |
| 205-215                              | 11,000.00               | April 1, 1993           |
| 216-226                              | 11,000.00               | April 1, 1994           |
| 227-238                              | 12,000.00               | April 1, 1995           |
| 239-250                              | 12,000.00               | April 1, 1996           |
| 251-262                              | 12,000.00               | April 1, 1997           |
| 263-274                              | 12,000.00               | April 1, 1998           |
| 275-287                              | 13,000.00               | April 1, 1999           |
| 288-300                              | 13,000.00               | April 1, 2000           |

Bonds numbered 1 through 37, inclusive, maturing April 1, 1963 through April 1, 1970 inclusive, are non-callable. The right is hereby reserved to call and redeem the Bonds numbered 38 through 238, inclusive,

maturing April 1, 1971 through April 1, 1995, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date after April 1, 1970, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption and a premium for each Bond, as follows: Three per centum (3%) if redeemed October 1, 1970, through April 1, 1975, inclusive; two and one-half per centum (2-1/2%) if redeemed October 1, 1975 through April 1, 1980, inclusive; two per centum (2%) if redeemed October 1, 1980 through April 1, 1985, inclusive; one and one-half per centum (1-1/2%) if redeemed October 1, 1985 through April 1, 1990, inclusive; one per centum (1%) if redeemed after April 1, 1990, and prior to final maturity. The right is hereby reserved to call and redeem the Bonds numbered 239 through 300, inclusive, prior to the stated maturities thereof, in whole or in part, in the inverse order of their numbering, on any interest payment date, upon at least thirty (30) days' prior notice, at the principal amount thereof plus accrued interest to the date of redemption. Priority as to prior redemption shall extend to Bonds numbered 239 through 300, inclusive, over Bonds numbered 38 through 238, inclusive. Such right of redemption shall be at the option of the Board, or through the application of (a) the proceeds of insurance as provided in Section 5.05 of this Indenture, or (b) the balance of money in the construction fund as provided in Section 7.06 of this Indenture. In each case such redemption shall be upon notice and in the manner and with the effect provided in Article Three of this Indenture.

Section 2.03 The Bonds shall be offered for sale by the Board, without the intervention of the Trustee, at such time or times as the Board may direct, upon the basis of notices published by the Board in The Courier-Journal, a newspaper of general circulation throughout the Commonwealth of Kentucky, and in The Bond Buyer, a financial news medium published in New York, New York, having nation-wide circulation among bond buyers, and upon the basis of sealed competitive bids which shall be opened, considered, and acted upon by the Board as it may deem desirable. The Bonds shall at one time or from time to time be executed on behalf of the Board by the printed facsimile signature of its Chairman under its corporate seal, attested by the manual signature of its Secretary, and shall be delivered to the Trustee for authentication by it, and thereupon the Trustee shall, upon receipt by the trustee of evidence satisfactory to the Trustee of the proper execution of this Indenture, authenticate the said Bonds. The Board, by and through its Treasurer, shall make delivery to the purchaser or purchasers, but only upon payment of the stated purchase price, which shall immediately be deposited to the credit of the University in the various special funds or accounts, as hereinafter provided.

Only Bonds as shall bear thereon endorsed a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be secured by this Indenture or be entitled to any right or benefit hereunder. The authentication by the Trustee upon any Bond shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefit of the trusts hereby created.

The Bonds must be in compliance with the following specifications:

- (a) The Bond forms used must not be purchasable in blank by printers or others, but must be purchasable only in the form of completed Bonds. The name of the engraving company must appear on each Bond and coupon. The size of the Bonds and coupons must conform to standard practice, and the paper used must be of sufficient weight and strength to prevent deterioration through ordinary handling.

- (b) Face of Bond -

- (1) Border and Denominational Counter (including Figure) steel-engraved, but the Denomination Figure may be printed on steel-engraved background.
  - (2) Text from type composition.
  - (3) Steel-engraved under-tint underlying all or part of the text.

- (c) Back of Bond -

- (1) Borders, Denominational Counter and Denominational Figure lithographed.
  - (2) Lithographed under-tint underlying the denomination.
  - (3) Text from type composition.

- (d) Face of coupon -

- (1) Text from type composition.
  - (2) Lithographed under-tint.

- (e) Back of coupon -

Lithographed with or without coupon number\$; or such minimum specifications as may be required at the time of the issuance of the Bonds by the Housing and Home Finance Agency of the United States of America in connection with Bonds to be purchased under any Act of Congress.

Section 2. 04. In case any person who shall have signed, (by printed facsimile signature, or otherwise), sealed or attested any Bond issuable under this Indenture as an officer of the Board of Trustees of the University shall have ceased to be such officer before the Bond so signed, sealed or attested shall have been actually authenticated by the Trustee and delivered to the purchaser or purchasers, such Bond nevertheless may be authenticated and delivered and issued as though the person who signed, sealed or attested such Bond had not ceased to be such officer of the Board of Trustees of the University.

Any Bond issuable hereunder may be signed, sealed or attested in behalf of the Board by any person at the actual date of the execution or authentication of such Bond being the proper officer of the Board of Trustees of the University, although at the date of such Bond such person shall not have been such officer of such Board of Trustees.

The coupons to be attached to coupon Bonds issued hereunder shall

be signed by the facsimile signatures of the present Chairman and Secretary or of any future Chairman and Secretary of the Board, and the Board may adopt and use for that purpose the facsimile signatures of any persons who shall have been such Chairman and Secretary, notwithstanding the fact that they may have ceased to be such Chairman and Secretary at the time when such Bonds shall be actually authenticated and delivered.

Section 2.05. The Board shall keep at the office of the Trustee books for the registration and transfer of Bonds issued hereunder, which, at all reasonable times, shall be open for inspection by the holder of any Bond issued hereunder, and upon presentation for the purpose at such office, the Board will register or transfer or cause to be registered or transferred therein, as hereinafter provided, and under such reasonable regulations as it may prescribe, any Bonds issued under this Indenture and entitled to be so registered or transferred. The Trustee shall act as registrar in effecting all registrations on the books kept at its office.

All coupon Bonds issued hereunder shall be negotiable and shall pass by delivery unless registered as to principal in the manner hereinafter provided. The holder of any coupon Bond issued hereunder may have the ownership of the principal thereof registered on said books of the Board at the office of the Trustee and such registration shall be noted on the Bond. After such registration no transfer shall be valid unless made on the said books by the registered owner in person, or by his duly authorized attorney, and similarly noted on the coupon Bond; but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and such coupon Bond may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, but every such coupon shall continue to be transferable by delivery merely, and shall remain payable to bearer. Such registrations and discharges from registration shall be without expense to the holder of the Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the party requesting such registration or discharge from registration as a condition precedent to the exercise of such privilege.

Section 2.06. Before authenticating any coupon Bonds the Trustee shall cut off, cancel and cremate all matured coupons, if any, thereon and the Trustee shall deliver to the Board a certificate of cremation thereof.

Section 2.07. Upon the receipt by the Board and the Trustee of evidence satisfactory to them of the loss, theft, destruction or mutilation of any outstanding Bond hereby secured, and of indemnity satisfactory to them, and upon surrender and cancellation of such Bond if mutilated, the Board may execute and the Trustee may authenticate and deliver, upon the lapse of such period of time as they may deem advisable, a new Bond of like tenor and maturity bearing the same or different serial numbers, to be issued in lieu of such lost, stolen, destroyed or mutilated Bond. Such new Bond may bear such endorsement as may be agreed upon by the Board and by the Trustee and which at the time is necessary to conform to the requirements of any stock exchange or of any governmental body having jurisdiction. The Board may require the payment of costs for each new Bond issued under this Section, and the furnishing of indemnity satisfactory to the Board. The Trustee shall incur no liability for anything done by it under this Section in the absence of negligence or fault.

Section 2.08. As to all coupon Bonds registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof, for all purposes of this Indenture, and thereafter payment of or on account of the principal of such coupon Bond shall be made only to or upon the order in writing of such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such coupon Bonds to the extent of the sum or sums so paid. The Board and the Trustee may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest on such Bond, whether such coupon Bond shall be registered or not, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof, and for all other purposes whatsoever, and the Board and the Trustee shall not be affected by any notice to the contrary.

### ARTICLE THREE

#### REDEMPTION OF BONDS

Section 3.01. Coupon Bonds numbered 1 through 37, inclusive, maturing April 1, 1963 through April 1, 1970, inclusive, are and shall be non-callable. In case the Board shall desire to exercise its right of redemption of all, or, as the case may be, any part of the coupon Bonds numbered 38 through 238, inclusive, maturing April 1, 1971 through April 1, 1995, inclusive, or Bonds numbered 239 through 300, inclusive, maturing April 1, 1996 through April 1, 2000, inclusive, or in case any coupon Bonds are to be redeemed otherwise than at the option of the Board, it shall file with the Trustee at least thirty (30) days in advance of the redemption date a copy of a notice specifying the redemption date and the numbers of the coupon Bonds to be redeemed, and shall publish in a financial publication published in the English language in the Borough of Manhattan, City and State of New York, at least once not less than thirty (30) days before the date fixed for redemption, a notice to the effect that the Board will redeem all the coupon Bonds, or a part thereof, as the case may be, on the date therein designated, specifying the maturity dates, and in the case of partial redemption of the coupon Bonds of any maturity, the distinctive numbers of the coupon Bonds of such maturity to be redeemed, and in every case stating that on said redemption date there will become and be due and payable upon each coupon Bond to be redeemed, at the offices of the Paying Agents, the principal thereof, together with accrued interest to such date, and such premium thereon, if any, as may be stipulated, and that from and after such redemption date interest thereon will cease to accrue. If any of the coupon Bonds to be redeemed are registered as to principal, similar notice shall be sent by the Board through the mails, postage prepaid, at least thirty (30) days prior to such redemption date, to the persons who shall appear by the transfer register of the Board to be the registered owners of such coupon Bonds; but such mailing shall not be a condition precedent to such redemption, and failure to mail any notice shall not affect the validity of the proceedings for the redemption of such coupon Bonds. In case the Board shall have elected to redeem less than all of the outstanding redeemable coupon Bonds, priority as to prior redemption shall extend to coupon Bonds numbered 239 through 300, inclusive, over



Bonds numbered 38 to 238, inclusive. Coupon Bonds shall be called for redemption in inverse numerical order.

In case of redemption of Bonds through the application of the proceeds of insurance or the balance of moneys in the Construction Fund, such redemption shall be made upon publication and/or mailing of notice in the manner and with the effect provided in this Article, except that such publication and/or mailing may, at the option of the Trustee, be made by and in the name of the Trustee.

On or before the redemption date specified in the notice above provided for, the Board shall, and it hereby covenants that it will, deposit with the Trustee an amount of cash sufficient to effect the redemption of the Bonds specified in such notice, or cause the Trustee to apply to such purpose moneys theretofore deposited with the Trustee under the provisions hereof and properly available for such purpose. All moneys deposited by the Board with the Trustee, or set apart by the Trustee, under the provisions of this Indenture, for the redemption of Bonds, shall be held in trust for account of the holders thereof and shall be paid to them respectively upon presentation and surrender of said Bonds accompanied by all interest coupons, if any, maturing after the date fixed for redemption thereof, provided, however, if any such Bonds shall be registered, the same shall be endorsed in blank for transfer if the Trustee shall so require.

From and after the date of redemption designated in such notice (such notice having been given as aforesaid and such deposit having been made or moneys set apart as aforesaid), no further interest shall accrue upon any of the Bonds so to be redeemed, and any coupons for interest pertaining to any such Bonds and maturing after such date shall be void, and all such Bonds, in so far as such deposit shall have been made or moneys set apart as aforesaid, and all such coupons shall cease to be entitled to the benefit of the lien of this Indenture, and the Board shall be under no further liability in respect thereof.

Section 3.02. All Bonds so redeemed shall forthwith be canceled by the Trustee, which shall deliver such canceled Bonds to the Board.

#### ARTICLE FOUR

#### DISPOSITION OF INCOME AND REVENUES OF THE PROJECT

Section 4.01. As soon as any portion of the Project becomes revenue producing, all lease payments arising from operation of the Project facilities under lease agreement, or during such other time as the said Project facilities are not being operated under lease agreement, all rentals, charges, income and revenue arising from the operation or ownership of the Project, shall be deposited to the credit of a special fund to be known as the "University of Kentucky Student Housing Revenue Fund Account of 1960," (hereinafter referred to as the "Revenue Fund"), which Revenue Fund is hereby created. Such Revenue Fund shall be held in the custody of the Treasurer of the Board, separate and apart from other funds. Such Revenue Fund



shall be maintained so long as any of the Bonds are outstanding as a trust fund in a bank or banks which are members of the Federal Deposit Insurance Corporation, and shall be expended and used by the Treasurer only in the manner and order hereinafter specified.

Section 4.02. There is hereby created a separate account called the "University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1960" (hereinafter referred to as the "Sinking Fund"). The Sinking Fund shall be established and maintained by and in the custody of the Trustee, and maintained by it so long as any of the Bonds are outstanding. Such Sinking Fund shall be used by the Trustee to pay interest on the Bonds as it becomes due from time to time, and to pay and retire the Bonds as they mature, or as otherwise herein provided.

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

- (1) There shall be deposited in the Sinking Fund the accrued interest, if any, received at the time or times of the sale or sales of the Bonds, and the amount thereof shall be credited against the amount to be deposited into the Sinking Fund on the next interest payment date, as hereinafter provided.
- (2) That as soon as any portion of the Project becomes revenue producing, the Board shall transfer from the Revenue Fund and deposit to the credit of the Sinking Fund, on or before September 15, 1960, March 15, 1961, and September 15, 1961, respectively, such sums as will be sufficient together with the balances in said Sinking Fund and the interest for the current interest period chargeable as a Project development cost, to pay the interest on the outstanding Bonds to become due on October 1, 1960, April 1, 1961, and October 1, 1961, respectively, and thereafter and on or before March 15 and September 15 of each succeeding year, beginning on or before March 15, 1962, the sum of Nine Thousand Two Hundred (\$9,200.00) Dollars, until the funds and/or investments therein are sufficient to meet the interest on the outstanding Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a Debt Service Reserve in the sum of Twenty-nine Thousand (\$29,000.00) Dollars, and thereafter, on or before each March 15 and September 15 in each and every year during the life of the Bonds, such sums from said sources as may be necessary to meet the interest on the Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, and maintain the Debt Service Reserve in the sum of Twenty-nine Thousand (\$29,000.00) Dollars; provided, however, that any interest falling due on the outstanding Bonds, prior to the time that any portion of the Project becomes revenue-producing, shall be paid when due by transferring from the Project Construction Account (hereinafter provided for) such sums as will be sufficient, together with the balances in the Sinking Fund, to make these payments in full. All such deposits shall be cumulative, and a deficiency in any year shall be made up in the subsequent year or years.

Section 4.03. Immediately prior to each April 1 and October 1, the Trustee shall transfer from the Sinking Fund to the principal office of Chemical Bank New York Trust Company, in the Borough of Manhattan, City of New York, State of New York, in its capacity as the New York Paying Agent named herein, funds sufficient to enable said New York Paying Agent to pay maturing Bonds and interest coupons, if any, as are there presented by the persons entitled to receive payment therefor; or shall make such arrangements with said New York Paying Agent as to secure the prompt payment of maturing Bonds and coupons, if any, as are there presented. The Trustee shall make similar arrangements in the event of redemption of any Bonds pursuant to Article Three of this Indenture. All such arrangements shall include provisions for the payment to the New York Paying Agent of its reasonable fees and charges for its services in paying and cancelling Bonds and coupons, if any, in order that the persons entitled to receive payment therefor may receive the full amount due and payable without deduction of any sum for the compensation of the New York Paying Agent.

Section 4.04. As soon as the required Reserve is accumulated in the Sinking Fund, the Board will establish with the Trustee a separate account called the "University of Kentucky Student Housing Building Maintenance and Equipment Reserve Account of 1960" (hereinafter referred to as the "Maintenance Fund"), into which shall be deposited from the Revenue Fund, on or before the close of each fiscal year, the sum of Three Thousand (\$3,000.00) Dollars annually until the funds and/or investments in the account shall aggregate Thirty Thousand (\$30,000.00) Dollars, and thereafter such sums, but not more than Three Thousand (\$3,000.00) Dollars annually, as may be required to maintain a balance of Thirty Thousand (\$30,000.00) Dollars in that account. All moneys in the Maintenance Fund may be drawn on and used by the Board for the purpose of paying the costs of unusual and extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of furniture and equipment not paid as part of the ordinary and normal expense of Project operations, unless these costs are to be paid according to the terms of any lease agreements executed with any student living groups whose members are students attending the University.

However, in the event the balance in the Sinking Fund should be reduced below the Reserve of Twenty-nine Thousand (\$29,000.00) Dollars, funds and/or investments on deposit in the Maintenance Fund shall be transferred to the Sinking Fund to the extent required to eliminate the deficiency in the Sinking Fund.

Section 4.05. Subject to the foregoing, the current expenses of the Project shall be payable from the Revenue Fund as the same become due and payable. Current expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the Project; but there shall be excluded therefrom depreciation, all general administrative expenses of the Board, and the payment into the "Maintenance Fund."

Provided, however, that if any portion of the Project facilities are leased by the Board to student living groups whose members are students attending the University, the terms of each such lease shall require such Lessee to pay the current expenses, as defined in Section 4.05 hereof, of the leased facility or facilities.

Section 4.06. Subject to making the foregoing payments and deposits, which are cumulative, the Board shall use the balance of excess funds in the Revenue Fund at the close of each Fiscal Year, after first reserving an amount equal to the estimated cost of operating and maintaining the Project for the ensuing Fiscal Year (in the event that the Project facilities are not being operated under lease agreement), to redeem outstanding Bonds on the next permissible redemption date, in inverse numerical order and in amounts of not less than \$5,000.00 par value at one time.

Section 4.07. Moneys from time to time set aside in the Revenue Fund shall be applied solely as set forth in this Article Four, and under no circumstances shall any moneys deposited in the Revenue Fund be used for the general purposes and functions of the University.

## ARTICLE FIVE

### PARTICULAR COVENANTS OF THE BOARD

Section 5.01. The Board covenants and agrees that it is the lawful owner of the properties which are to be the sites of the Project facilities, as hereinafter described in Article Thirteen; that said properties are free from any and all liens and encumbrances prior to or on a parity with the lien of these presents, and that it will warrant and defend the title thereto against all claims and demands whatsoever. A statutory mortgage lien, as provided by Sections 162.350 and 162.200 of the Kentucky Revised Statutes now in full force and effect, is hereby recognized as valid and binding on the Project and appurtenant facilities, and is created and granted to and in favor of the holder or holders of the Bonds and the coupons attached thereto; and said Project and appurtenant facilities shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on all Bonds of this series.

Section 5.02. The Board covenants and agrees that it will establish and maintain, so long as any Bonds are outstanding under this Indenture, such parietal rules, rental rates and charges for the use of the Project facilities as may be necessary (1) to assure maximum occupancy of the Project; (2) to pay the interest on and principal of the Bonds as they respectively mature, to provide the maximum reserves therefor, and the maintenance fund; and that it will set up and maintain reserves specifically required hereunder, and such further reserves as may be reasonable with respect to the operation of the Project, for maintenance, depreciation, and other reserves customarily provided for in the accounting of business corporations for profit.

It is further covenanted and agreed by the Board that all rentals, charges, income and revenue arising from the operation or ownership of the Project to the extent of Eighteen Thousand Four Hundred (\$18,400.00) Dollars annually shall be, and are hereby, specifically pledged to secure the payment of these Bonds and the coupons attached so long as any shall remain outstanding, and a lien thereon is created and granted to and in favor of the holder or holders of the Bonds and the coupons attached thereto until the payment in full of the principal and interest on these Bonds.

The Board further covenants and agrees that while any of the Bonds are outstanding hereunder, it will, except as provided in Section 4.05, pay the current expenses of the Project, and except as provided in Section 4.04 provide for all replacements of furniture and movable equipment from available funds other than the revenue derived from the operation of the Project.

The Board further covenants and agrees that if any portion of the Project facilities are leased by the Board to student living groups whose members are students attending the University, the Board will, before the execution thereof by the Board, submit such proposed lease agreement for approval to the original purchaser or purchasers of the Bonds, or, if a requisition be filed before that time for a loan or advancement from any agency of the United States Government, then to the Agency with which such requisition is filed.

The Board further covenants and agrees that each such lease agreement shall provide:

- (a) that the Lessee thereunder shall pay the current expenses of the leased facilities, as current expenses are defined in Section 4.05 hereof;
- (b) that the Lessee shall pay to the Board annual cash rentals, and that the amounts thereof will be such that, together with rental payments from Lessees of other Project facilities, or such sums as may be realized from the operation of any portion or portions of the Project facilities by the Board as a student dormitory, or dormitories, will be sufficient to make the deposits into the Sinking Fund required by the provisions of the preceding Section 4.02 hereof, and the deposits into the Maintenance Fund required by the provisions of the preceding Section 4.04 hereof;
- (c) that if any Lessee fails to make promptly any payment required by the terms of its lease agreement, and continues in such default for a period of sixty (60) days, its future rights thereunder may be declared forfeited by the Board, and the Board may, at its option and in its sole discretion, either execute with a new student living group whose members are students attending the University, a lease agreement acceptable to the holders of at least 51% of the outstanding Bonds, or operate the leased Project facilities without interruption as a student dormitory, free from any special rights or privileges of the Lessee, to the end that current expenses will be paid, and the deposits into the Sinking Fund required by the provisions of Section 4.02 hereof, and the deposits into the Maintenance Fund required by the provisions of Section 4.04 hereof, will be made;
- (d) that the leased Project facility or facilities will continuously be operated and used as a housing facility or housing facilities of the Board, and subject at all times to the jurisdiction and supervision of the Board under its reasonable rules and regulations pertaining to traffic, sanitation and police regulations, rules of conduct for student personnel and employees, and regulations for student organizations.

The Board further covenants and agrees that in the event any Lessee fails to make promptly any payment required by the terms of its lease agreement, and continues in such default for a period of sixty (60) days, the Board will either execute with a new student living group whose members are students attending the University, a lease agreement acceptable to the holders of at least 51% of the outstanding Bonds, or operate the leased Project facility or facilities without interruption as a student dormitory or dormitories, to the end that current expenses will be paid or provided for according to the provisions of Section 4.05 hereof, and the deposits into the Sinking Fund required by the provisions of Section 4.02 hereof, and the deposits into the Maintenance Fund required by Section 4.04 hereof, will be made.

The Board further covenants and agrees that any and all rentals or other payments received pursuant to such lease agreements, in excess of the payments required by such lease agreements, shall be deposited into the Revenue Fund and used only in the manner and order provided in Sections 4.02, 4.03, 4.04, 4.05, and 4.06 hereof.

Section 5.03. The Board covenants and agrees that it will not suffer or permit any default to occur under this Indenture, but will faithfully observe and perform all of the conditions, covenants and requirements hereof obligatory upon it.

Section 5.04. The Board covenants and agrees that it will duly and punctually pay or cause to be paid the principal sum, and the interest accruing on said principal, on each and every one of the Bonds issued hereunder, at the dates and places, and in the manner provided in said Bonds and in the coupons thereunto appertaining, according to the terms thereof and of this Indenture; and that so long as any of the Bonds shall remain outstanding and unpaid, it will not directly or indirectly extend or assent to the extension of the time for the payment of any interest coupon or claim for interest of or upon any Bond, and will not directly or indirectly be a party to any arrangement therefor, either by purchasing or refunding or in any manner keeping alive such interest coupon or claim for interest, or otherwise; that in case the payment of any such interest coupon or claim for interest shall be so extended by or with or without the consent of the Board, then, anything in this Indenture contained to the contrary notwithstanding, such interest coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds issued hereunder and of such interest coupons and claims for interest as shall not have been so extended.

Section 5.05. To the extent authorized or permitted by applicable laws, the Board covenants and agrees that it will procure and maintain insurance, as follows:

(a) Upon acceptance of the Project from the contractor, the Board shall procure and maintain, so long as any of the Bonds are outstanding, fire and extended coverage insurance on the Project in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed eighty (80%) per centum of the full insurable value of the damaged Project facilities. Such insurance shall be in reputable insurance companies, or, at the option of the Board,

may be procured and maintained through the State Fire and Tornado Insurance Fund of the Commonwealth of Kentucky in reputable insurance companies, loss, if any, to be made payable to the Trustee as its interests may appear. The Board will, within a reasonable time after the execution hereof, and within four months after the close of each calendar year thereafter, furnish to the Trustee a statement in writing, signed by an officer of the Board, setting forth the full insurable value of the Project and describing all insurance then in force. The Trustee may, at its option, require the Board to deposit with it any or all such insurance policies, and shall require such deposit if any event of default occurs. If the total received by the Trustee upon all policies shall in the case of one loss be less than the sum of Ten Thousand (\$10,000.00) Dollars, the amount shall be paid to the Board by the Trustee, to be used by the Board to pay for replacement or repairs or substitutes for the damaged or destroyed property, but the Trustee shall not be obligated to see to the application thereof. In all other cases, the proceeds of any and all insurance on the Project which may be received by the Trustee shall be held and applied by the Trustee as hereinafter provided.

(b) Immediately upon occupancy of the Project, and so long thereafter as the funds and investments in the Sinking Fund are less than the debt service reserve specified in Section 4.02 (2), the Board will procure and maintain use and occupancy insurance in an amount sufficient to enable it to deposit in the Sinking Fund, out of the proceeds of such insurance, an amount equal to the sum which would normally have been available for deposit in such Sinking Fund from the revenues produced by the damaged facilities during the time the damaged facilities are non-revenue producing as a result of loss of use caused by hazards covered by fire and extended coverage insurance. The loss payable clause of this insurance agreement shall likewise be made payable to the Trustee.

(c) Unless provision is otherwise made for the disposition of liability claims against the Commonwealth and its Agencies (as is the case at the date of this Indenture) upon acceptance of the Project from the contractor, the Board shall, if legally permissible and if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, boiler insurance covering any steam boilers servicing the Project in a minimum amount of Fifty Thousand (\$50,000.00) Dollars. Such insurance shall be in reputable insurance companies, or at the option of the Board, may be procured and maintained through the Department of Insurance of the Commonwealth of Kentucky in reputable insurance companies.

(d) Unless provision is otherwise made for the disposition of liability claims against the Commonwealth and its agencies (as is the case at the date of this Indenture) upon receipt by the Board of any funds from any agency of the United States Government, pursuant to any written agreement, either in payment for Bonds purchased or as loans or advancements in anticipation of the sale of Bonds, the Board agrees that it will, if legally permissible and if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Public Liability Insurance with limits of not less than \$50,000.00 for one person and \$100,000.00 for more than one person involved in one accident, to protect the Board from claims for bodily injury and/or death, which may arise from the Board's operations, including any use or occupancy of its grounds, structures and vehicles.



(e) All insurance moneys received by the Trustee under the provisions of this Section (except the proceeds of use and occupancy insurance, which shall be deposited in the Sinking Fund; and all property insurance in amounts of less than Ten Thousand (\$10,000.00) Dollars above provided to be paid over to the Board) shall be held by the Trustee as substituted security, and the same shall be by the Trustee paid out from time to time upon written orders of the Board, signed by the Chairman and Secretary, and accompanied by an approving certificate of an architect or engineer, for the purpose of paying the reasonable cost of repairing or replacing part or all of the property damaged or destroyed; provided, however, that the Board shall have furnished, in addition to the proceeds of such insurance, such moneys as may be required to complete such repairs or replacements, and said insurance moneys shall be paid out by the Trustee only when the same shall be fully sufficient to complete such repairs or replacements as shown by the said certificate of an architect or engineer. Every such order of the Board for the payment of insurance moneys shall state that the Board is not in default under any of the terms and provisions of this Indenture. The Trustee shall be fully protected in paying any such cash to or upon the order of the Board upon receipt of the showings above specified, but the Trustee shall have the right, but shall not be obliged, to require the Board to furnish such additional evidence in the premises as the Trustee may deem necessary in order to establish the right of the Board to the withdrawal of any such insurance moneys. In the event insurance proceeds shall remain after the completion of such repairs or replacements, then the Trustee shall deposit such moneys in the Sinking Fund provided for by Article Four hereof, and such moneys shall be applied to the retirement of Bonds in the manner provided in Section 7.06 hereof, upon the first permissible redemption date.

Section 5.06. The Board covenants and agrees that it will at all times maintain, preserve and keep the Project and every part thereof in good condition, repair and working order and will from time to time make all needful and proper repairs, replacements, additions, betterments and improvements so that the operations and business of and pertaining to the Project and every part thereof, shall at all times be conducted properly and advantageously; and whenever any portion of the Project shall have been worn out or destroyed or shall have become obsolete, inefficient or otherwise unfit for use, the Board will procure and install substitutes of at least equal value, utility and efficiency so that the value and efficiency of the Project shall at all times be fully maintained, and the Board will set apart, use and apply for the foregoing purposes so much of the revenues of the Project as may be required subject to the payments provided or in Article Four hereof.

Section 5.07. The Board covenants and agrees that if it shall fail to perform any of the covenants in Sections 5.04, 5.05, and 5.06 hereof, the Trustee, or receiver appointed hereunder, as herein provided, may make advances to perform the same in its behalf; and it hereby agrees to pay all sums so advanced in its behalf, on demand, with interest at the rate of six per centum (6%) per annum after demand, and all sums so advanced with interest as aforesaid shall be secured hereby, having the benefit of the lien hereby created, in priority to the indebtedness evidenced by the Bonds and coupons issued hereunder; but no such advance shall be deemed to relieve the Board from any default hereunder.



Section 5.08. The Board covenants and agrees that whenever necessary to avoid or fill a vacancy in the office of the Trustee, the Board, in the manner provided in Section 11.05 hereof, will appoint a trustee so that there shall at all times be a trustee hereunder which shall at all times be a bank or trust company having its principal office and place of business in the Commonwealth of Kentucky, if there be such a bank or trust company willing and able to accept the trust upon reasonable or customary terms, and which shall at all times be a corporation organized and doing business under the laws of the United States or of the Commonwealth of Kentucky, with a capital and surplus of at least One Million (\$1,000,000.00) Dollars, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or State authority.

Section 5.09. The Board covenants and agrees that it will not issue, or permit to be issued, any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and that it will faithfully observe and perform all conditions, covenants and requirements of this Indenture and of all indentures supplemental thereto.

Section 5.10. The Board covenants and agrees, upon completion of the Project, to provide from sources other than the proceeds of the sale of the Bonds secured hereby and from sources other than the funds pledged hereunder and in a manner which will not jeopardize the security of the Bonds, the furnishings and equipment necessary to the full enjoyment of the use and occupancy of the Project.

Section 5.11. The Board covenants that there shall be no free use or occupancy of the Project so long as any of the Bonds hereunder are outstanding.

Section 5.12. The Board will maintain an office or agency while any of the Bonds are outstanding at each place at which the principal of or interest on any of the Bonds shall be payable, where notices, presentations and demands to or upon the Board in respect of this Indenture, or of such Bonds or coupons as may be payable at such places, may be given or made, and will give the Trustee written notice of the location of and any change in the location of each such office or offices, agency or agencies. In case the Board shall fail at any time to designate and maintain any such office or offices, agency or agencies, the principal office of the Trustee shall be conclusively deemed to be the office or agency of the Board for all such purposes, and the Board hereby appoints the Trustee its agent on its behalf to receive all such notices, presentations and demands. The Board covenants and agrees to keep books at the office of the Trustee for the transfer and registration of Bonds as hereinbefore provided. The Trustee shall be under no duty with respect to any presentation, demand or notice served upon it except such duty, if any, with respect thereto as may exist by reason of any other of the provisions of this Indenture.

Section 5.13. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. It further covenants that not later than ninety (90) days after the close of each fiscal year, beginning with the fiscal year ending June 30, 1962, it will furnish to the Trustee, and to any Bondholder who shall request the same in writing, copies of audit reports prepared by an

independent certified public accountant, or a firm of independent certified or registered public accountants, who shall be satisfactory to the Trustee, or by appropriate State auditing official, reflecting in reasonable detail the financial condition and record of operation of the University, the Project, and pledged facilities during the preceding fiscal year.

## ARTICLE SIX

### DEPOSITORIES OF MONEY, SECURITY OF DEPOSITS, AND INVESTMENT OF FUNDS

Section 6.01. All moneys deposited with the Trustee or any other bank or banks under the provisions of this Indenture shall be trust funds under the terms hereof, and shall not be subject to lien or attachment by any creditor. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

All moneys deposited with the Trustee or any other bank or banks hereunder shall be continuously secured, for the benefit of the Board and the holders of the Bonds, either (a) by lodging with a bank or trust company approved by the Treasurer of the Board as custodian, as collateral security, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) as to all or any part of such deposit, by lodging with the Treasurer of the Board the indemnifying bond or bonds of a surety company or companies qualified as surety for United States Government deposits and qualified to transact business in the Commonwealth of Kentucky in a penal sum not less than the amount of moneys so deposited or such part thereof not otherwise secured as herein provided; such bond or bonds to be approved in writing by the Treasurer of the Board, or (c) if the furnishing of security as provided in clause (a) of this Section is not permitted by applicable law, then in such manner as may then be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Paying Agent or the Alternate Paying Agent to give security for the deposit of any moneys with it solely for the payment of the principal of or the interest on any Bonds issued hereunder.

Section 6.02. Moneys held for the credit of the Sinking Fund and the Maintenance Fund shall be invested by the Trustees, if so directed by resolution of the Board, in direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States Government. Obligations so purchased shall be deemed at all times to be a part of the Sinking Fund or the Maintenance Fund as the case may be, and the interest accruing thereon and any profit realized from such investment shall be credited to the Sinking Fund or the Maintenance Fund according to the source of the funds so invested. The Trustee shall sell at the best price obtainable any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment from the Sinking Fund or the Maintenance Fund. Neither the Trustee nor the Board shall be liable or

responsible for any loss resulting from any such investment.

ARTICLE SEVEN  
CUSTODY AND APPLICATION OF  
PROCEEDS OF BONDS

Section 7.01. A fund is hereby created in the Treasury of the Commonwealth of Kentucky, and is designated as the "Construction Fund," to the credit of which there shall be deposited, as received, the proceeds of the Bonds, with the exception of (a) accrued interest, if any, received from the purchaser or purchasers of the Bonds, which sum is required by Section 4.02 hereof to be deposited in the Sinking Fund, and (b) the supervision, inspection and auditing fee for which provision is made in Section 7.03(e). The moneys in the Construction Fund shall be held by the State Treasurer in trust and applied to the payment of the costs of the Project in accordance with and subject to the provisions of this Article, and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Indenture, and shall be held for the further security of such holders until paid out as herein provided.

Section 7.02. The Board covenants and agrees that prior to the awarding of any contract for the construction of the Project or any part thereof, it will deposit or cause to be deposited in the Construction Fund, from sources other than Bond proceeds and from sources and in a manner that will not jeopardize the security pledged to the payment of the principal of and the interest on the Bonds, such amount of its own funds as, together with the Bond proceeds, will assure payment of all costs of constructing the Project.

Section 7.03. For the purposes of this Article the cost of the Project shall include, without intending thereby to limit or restrict or extend any proper definition of such cost under any applicable laws or under this Indenture, the following:

(a) Obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project;

(b) the interest accruing upon the Bonds prior to the commencement of and during the construction of the Project;

(c) the fees and expenses of the depository or depositories of the Construction Fund during construction, and premiums on insurance in connection with the Project during construction, unless such insurance during construction is carried by the respective contractors and builders pursuant to the terms of their respective construction contracts;

(d) fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction,

as well as for the performance of all other duties of engineers and architects in relation to the construction of the Project;

(e) expense of administration properly chargeable to the Project, including the sum of Two Thousand Six Hundred (\$2,600.00) Dollars, which is the agreed fixed fee of the Housing and Home Finance Agency of the United States Government in supervising and inspecting the work appertaining to the development of the Project, and auditing the books, records, and accounts pertaining to the Project as set forth in Section 5 of a certain Loan Agreement between the Board and the United States of America, Housing and Home Finance Agency, dated June 1, 1960;

(f) any obligation or expense heretofore or hereafter incurred by the Board or by any other agency of the Commonwealth of Kentucky for any of the foregoing purposes, including the repayment of any advances made by the United States of America, Housing and Home Finance Agency, with interest thereon, as provided in and by the said Loan Agreement identified in the foregoing sub-paragraph (e).

Section 7.04. Before any payment shall be made from the Construction Fund, there shall be filed a requisition for such payment signed by the President and Treasurer of the University of Kentucky, acting for that purpose as agents of the Board, stating each amount to be paid, the name of the person, firm or corporation to whom payment is due, and the purpose for which the obligation was incurred, and certifying:

(1) that obligations in the stated amounts have been incurred and are a proper charge against the Construction Fund and have not been paid:

(2) that, so far as they are aware, there has not been filed with or served upon the Board or any proper officer or agent of the University, notice of institution of any claim or legal proceeding challenging the legality of any proceedings theretofore had in connection with the authorization, issuance, sale and delivery of Bonds pursuant to this Indenture, or challenging the right or authority of the Board or University with respect to the application of moneys in the Construction Fund to the costs of constructing the Project, or claiming or asserting any lien or other legal right to perfect a lien upon the Project or any moneys in the Construction Fund, except such claims, actions, liens or asserted rights as have been released or will be released simultaneously with the payment of the obligations identified in such certificate;

(3) that in so far as any obligation mentioned in such requisition was incurred for work, materials, supplies or equipment in connection with the construction of the Project, such work was actually performed, or such materials, supplies or equipment was actually delivered or installed at the site of the Project for that purpose, or delivered for fabrication at a place approved by the President of the University and by the Engineer having supervision of the construction of the Project; and

(4) that the amount which will remain in the Construction Fund after payment of the obligations mentioned in such requisition, plus an amount equal to the proceeds to be derived from the sale of any Bonds authorized under this Indenture, but not theretofore issued, will be sufficient to pay all costs of the Project.

Section 7.05. All requisitions received by any depository of the Construction Fund as required in this Article shall be retained in the possession of said depository, subject at all times to inspection by the Board, any officer or agent of the Board or of the University, any other officer or agent or agency of the Commonwealth of Kentucky, representatives or agents of the Housing and Home Finance Agency of the United States of America, and any other interested person.

Section 7.06. When the Project shall have been completed and equipped and opened for use and occupancy, a certificate to that effect shall be signed by the President and Treasurer of the University and by the Engineer having supervision of construction of the Project so stating, accompanied by an opinion of counsel that an examination of the appropriate public records reveals no uncanceled liens or claims or liens of mechanics, laborers, contractors or materialmen, with respect to the Project, and that, in the opinion of such counsel, the time within which such liens (whether legally permissible or not) can be filed, has expired. Any balance remaining in the Construction Fund after the filing of such certificate and opinion with the Board, and not necessary in the opinion of the Board to be reserved by it for the payment of any remaining part of the costs of the Project, shall be deposited with the Trustee to the credit of the Sinking Fund, and, except for any portion of such balance remaining under One Thousand (\$1,000.00) Dollars, shall be used by the Trustee for the redemption of Bonds then outstanding under this Indenture, and in accordance with the redemption provisions set forth in said Bonds and in this Indenture, upon the earliest permissible redemption date. The Trustee may take such action to redeem outstanding Bonds as soon as redemption is legally permissible after the transferring of moneys from the Construction Fund to the Sinking Fund, and without specific authorization on the part of the Board; but the Trustee shall in any event report its actions in this connection promptly to the Board and to the President of the University.

## ARTICLE EIGHT

### SUPPLEMENTAL INDENTURES

Section 8.01. The Board and the Trustee, from time to time and at any time, subject to the restrictions in this Indenture contained, may, and when so required by this Indenture shall, enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

- (1) To add to the covenants or agreements of the Board for the protection of the Bondholders and of the trust estate other and additional covenants and/or agreements;

(2) To evidence the succession of another corporation to the Board or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Board in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained; and

(3) For any other purpose not inconsistent with the terms of this Indenture, and which shall not impair the security of the same, or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any supplemental indenture.

Section 8. 02. The Trustee is authorized to join with the Board in the execution of any supplemental indenture, to make the further agreements and stipulations which may be therein contained.

Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be, and be deemed to be, part of the terms and conditions of this Indenture for any and all purposes.

Section 8. 03: Any and every such supplemental indenture entered into as required or permitted by the provisions of this Article, may be simultaneously executed in any number of counterparts and all such counterparts executed and delivered each as an original shall constitute but one and the same instrument.

## ARTICLE NINE

### REMEDIES

Section 9. 01. No coupon which in any way before, at, or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains shall, unless accompanied by such Bonds, be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Bonds and of all coupons not so transferred or pledged. In case the time for the payment of any coupon shall be extended, whether or not such extension be by or with the consent of the Board, such coupon shall not be entitled in case of default hereunder to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds then outstanding and all coupons the time for the payment of which shall not have been extended.

Section 9. 02. Each of the following events is hereby declared an "event of default;" that is to say: If

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



- (b) payment of any installment of interest shall not be made when the same shall become due and payable or within thirty (30) days thereafter; or
- (c) the Board shall discontinue or unreasonably delay or fail to carry on with reasonable dispatch the construction of the Project; or
- (d) the Board shall for any reason be rendered incapable of fulfilling its obligations hereunder; or
- (e) the Project shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction, or to lack of funds therefor or for any other reason); or
- (f) an order or decree shall be entered, with the consent or acquiescence of the Board, appointing a receiver or receivers of the Project or of the income therefrom, or if such order or decree, having been entered without the acquiescence or consent of the Board, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry; or
- (g) the Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Board to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding.

Section 9. 03. Upon the happening and continuance of any event of default specified in Section 9. 02 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then outstanding shall, by a notice in writing to the Board, declare the principal of all the Bonds then outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, moneys shall have accumulated in the Sinking Fund sufficient to pay all arrears of principal or interest, if any, upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board hereunder shall have been paid or



a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five per centum (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.

If the principal of the Bonds shall be declared due and payable as hereinabove provided, the Board covenants and agrees to pay the principal of such Bonds and the interest thereon (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the Bonds by this Indenture) to the Trustee as trustee of an express trust for the Bondholders.

Section 9.04. Upon the happening and continuance of any event of default specified in Section 9.02 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding hereunder shall proceed subject to the provisions of Section 9.08 of this Indenture, to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth of Kentucky or under this Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Board for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds and unpaid with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Board, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (solely from moneys in the Sinking Fund and the income of the Project pledged to the payment of the Bonds by this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 9.05. If at any time the moneys in the Sinking Fund shall not be sufficient to pay the principal or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 9.03 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purposes, whether through the exercise of the remedies in this Article provided for or otherwise, shall be applied as follows:

- (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

Third: to the payment of the interest on and the principal of the Bonds and to the redemption of Bonds, all in accordance with the provisions of Article Nine of this Indenture.

- (b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.
- (c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.03 of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 9.01 of this Article.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall

determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the banks or trust companies at which the Bonds shall be payable, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Board, to any Bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond shall be surrendered to the Trustee for appropriate endorsement.

Section 9.06. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Board, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 9.07. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding hereunder shall have the right, subject to the provisions of Section 9.08 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which would be unjustly prejudicial to Bondholders not parties to such direction.

Section 9.08. No holder of less than all of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, nor unless the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to execute such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, nor unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification,

request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no holder of less than all the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds and coupons.

Section 9.09. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee or by the holder of the Bonds, may be enforced by the Trustee or by such holder without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto. Any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds and Coupons, subject to the provisions of this Indenture.

Section 9.10. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.11. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and so often as may be deemed expedient.

The Trustee may, and upon the written request of the holders of not less than fifteen per centum (15%) in principal amount of the Bonds then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 9.12. The Trustee shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other Bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default set forth in clause (a) or in clause (b) of Section 9.02 of this Article within thirty (30) days after any such event of default shall have occurred. If in any year ending March 30 the total amount of deposits to the credit of the Sinking Fund shall be less than the amounts required so to be deposited under the provisions of Article Four of this Indenture, the Trustee, on or before the first day of April following the end of such year, shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, and to all other bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the failure to make such deposits. The Trustee shall not,

however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

## ARTICLE TEN

### RELEASE AND DISCHARGE OF INDENTURE

Section 10, 01. Whenever the Board shall pay, or cause to be paid, the principal and interest due and to become due upon all the Bonds hereby secured and then outstanding, or shall provide for full payment thereof by depositing with the Trustee hereunder, for the discharge of such Bonds and coupons, the entire amount due and to become due thereon for principal and interest, and shall, in case of redemption of all of the outstanding Bonds, deliver to the Trustee proof satisfactory to it that notice of redemption of all of the outstanding Bonds has been duly given, or a written instrument executed by the Board under its corporate seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Board, together with the moneys necessary to pay the cost of giving such notice, and shall pay the Trustee in full for all services rendered by it hereunder, and all lawful claims accruing to it by virtue of this instrument, and shall well and truly keep and perform all of the things herein required to be kept and performed by it, according to the true intent and meaning of this Indenture, then and in that event these presents and the trust hereby created shall cease and terminate, and future payments from the revenues hereby pledged to the Trustee shall thereupon cease, terminate and become void, except as to the moneys deposited for payment of principal and interest, due or to become due, on said Bonds and coupons, which moneys shall be held by the Trustee and shall be applied by said Trustee to the payment of such Bonds and coupons upon the presentation and surrender thereof. Any deposit of money with the Trustee for the purpose of paying and sufficient in amount to pay certain of the Bonds and interest due and to become due thereon, or certain of the coupons appertaining thereto, shall discharge the liability of the Board on the bonds and/or coupons for payment of which such deposit shall be made. In case of full payment of all the Bonds and coupons and the discharge of all other obligations on the part of the Board as herein provided, or in case of the deposit of a sufficient sum of money for the full payment of the Bonds and coupons, and the discharge of all other obligations on the part of the Board, as herein provided, the Trustee, in either case, if the Trustee first shall have received:

- (1) A certificate of the Chairman and the Treasurer of the Board stating that the conditions precedent to the release and discharge of this Indenture have been complied with, and
- (2) An opinion of Counsel stating that in his opinion the conditions precedent to the release and discharge of this Indenture have been complied with,

shall execute and deliver to the Board on demand, at the cost and expense of the Board, all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.02. Whenever the Board shall present to the Trustee for cancellation all Bonds (with all coupons thereunto appertaining), which have been authenticated by the Trustee and delivered to or upon the direction of the Board, and have not previously been paid or redeemed, or otherwise retired and cancelled, and shall request the Trustee upon cancellation of such Bonds and coupons to acknowledge satisfaction and termination of this Indenture, and shall pay the Trustee in full for all services rendered by it hereunder and all lawful claims accruing to it by virtue of this instrument, then and in that event the Trustee, if the Trustee first shall have received the certificate and the opinion mentioned, respectively, in paragraph (1) and (2) of Section 10.01 of this Article, shall execute and deliver to the Board all proper instruments that may be necessary to evidence the satisfaction and termination of this Indenture.

Section 10.03. The satisfaction and discharge of this Indenture pursuant to Section 10.01 and 10.02 of this Article shall be without prejudice to the right of the Trustee to be paid any compensation then due it hereunder and to be protected and saved harmless by the Board from any and all losses, liabilities, costs and expenses, including counsel fees, at any time incurred by the Trustee hereunder or connected with any Bond issued hereunder, and the Board hereby covenants to protect and save the Trustee harmless from any and all such losses, liabilities, costs and expenses incurred in acting under this Indenture, except such as may be caused by the negligence or willful default of the Trustee.

## ARTICLE ELEVEN

### CONCERNING THE TRUSTEE

Section 11.01. The Trustee hereby accepts the trusts imposed upon it by this Indenture, but only upon and subject to the following express terms and conditions:

- (a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof and the Board covenants and agrees to repay upon demand all such outlays and expenditures so incurred.
- (b) Except for the authentication of the Bonds and approval of insurance policies, the Trustee shall not be responsible for any recitals herein or in said Bonds, or for insuring the project or collecting any insurance moneys or for the execution of this Indenture or of any supplemental indenture or instrument of further assurance or for the validity thereof, or for the affixing or cancellation of any revenue stamps, or for the sufficiency of the security for the Bonds issued under or intended to be secured hereby, or for the value or title of the Board to any of the Project, or for the payment of or for keeping down taxes, charges,



assessments or liens upon the same, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Board contained herein; but the Trustee may require of the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the Project.

- (c) All moneys received by the Trustee under any provision of this Indenture shall, until used or applied as provided in this Indenture, be held in trust for the purpose for which such moneys were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall not be obliged to pay interest on such moneys, save such as it shall agree to pay thereon. Holders of Bonds and/or coupons shall not be entitled to interest on funds deposited for payment of such Bonds and/or coupons. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.
- (d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond secured hereby, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.
- (e) The Trustee shall not be compelled to do any act hereunder, or to take any action toward the execution or enforcement of the trusts hereby created or to prosecute or to defend any suit in respect hereof, unless indemnified to its satisfaction against loss, cost, liability and expense.
- (f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Board signed by the Chairman and attested by the Secretary as sufficient evidence of the facts therein contained, and shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, in its discretion, at the reasonable expense of the Board, in every case secure such further evidence as it may think necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Board, under its corporate seal, to the effect that a resolution in the form therein set forth has been adopted by the Board, as conclusive evidence that said resolution has been duly adopted, and is in full force and effect. The Trustee may in relation to this Indenture act upon the opinion or advice of any attorney, valuator,

surveyor, engineer, accountant, or other expert, whether retained or selected by the Trustee, the Board, or otherwise, and shall not be responsible in the absence of negligence or fault, for any loss resulting from any action or non-action in accordance with any such opinion or advice.

- (g) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be within the discretion or power conferred upon it by this Indenture, and the Trustee shall be answerable only for its own acts, receipts, neglects and defaults, but not for any loss unless the same shall happen through neglect or negligence.
- (h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the holders of at least five (5%) per cent in principal amount of the Bonds hereby secured and then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the office of such Trustee.
- (i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, architects, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and contracts of the Board and University, and to take such memoranda from and in regard thereto as may be desired.
- (j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.
- (k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or securities, or any action whatsoever within the purview of this Indenture, and showings, certificates, opinions, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, and by the Trustee deemed desirable for the purpose of establishing the right of the Board to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee. The Trustee shall not be required, except as otherwise herein provided, to authenticate any Bonds, permit the withdrawal of any cash, or take any other action if at the time there exists to its knowledge any default in respect of any of the covenants, agreements or provisions of this Indenture.

Section 11.02. The Trustee shall have a first lien hereunder upon the pledged funds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense of defending against any liability in the premises of any character whatsoever, and the Board hereby covenants and agrees to pay unto the Trustee reasonable compensation for its services in the premises as

well as all advances, counsel fees and other expenses reasonably made or incurred in and about the execution of the trusts hereby created.

Section 11.03. The Trustee may at any time resign and be discharged of the trusts hereby created by mailing written notice to the Board or to the President of the University and to each registered owner of Bonds, specifying the day upon which such resignation shall take effect, and thereafter, unless all outstanding Bonds are registered as to principal, causing notice thereof to be published (a) in a daily newspaper of general circulation at the time published in the English language in the City of Louisville, Kentucky, and (b) in a financial newspaper published in New York, New York, in the English language, once a week for three (3) consecutive weeks prior to the date upon which such resignation shall take effect; and such resignation shall take effect upon the day specified in such notice unless previously a successor Trustee shall have been appointed by the Bondholders or the Board in the manner hereinafter provided in Section 11.05 of this Article, and in such event such resignation shall take effect immediately on the appointment of such successor Trustee.

Section 11.04. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Trustee and to the Board, and signed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding.

Section 11.05. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of any such event the Board by an instrument executed by order of its Board of Trustees, and signed by the Chairman, and attested by the Secretary, under its corporate seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Board shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank of the character specified in Section 5.08 hereof.

Section 11.06. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it to its successor. Should any deeds, conveyance or instrument of writing from the Board be required by any successor for more fully and certainly vesting in such Trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

## ARTICLE TWELVE

### MISCELLANEOUS PROVISIONS

Section 12.01. In case the principal of any of the Bonds shall not be punctually paid when due at maturity, whether by declaration or lapse of time, and/or in case any installment of interest thereon shall not be punctually paid when due, then upon deposit with or receipt by the Trustee of moneys sufficient to pay such overdue principal and/or installments of interest (together with moneys sufficient to pay interest due and to become due thereon up to the date when interest upon such overdue principal and/or installment or installments of interest shall cease as herein provided), interest on such overdue principal and/or installment or installments of interest thereon shall cease to accrue one week after the mailing of notice, stating that said moneys have been so deposited or received, to each registered owner of Bonds, or if all the outstanding Bonds are not registered as to principal, then one week after the date of publication by the board of such notice in a financial publication published in the English language in the Borough of Manhattan, City and State of New York. A copy of such notice shall be delivered by the Board to the Trustee prior to the mailing or publication thereof and the Trustee shall mail a copy of such notice to registered owners of Bonds, but notwithstanding failure so to mail such notice, in case of the publication thereof, interest shall nevertheless cease to accrue as above provided.

Section 12.02. (a) In the event that any Bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, or in the event that any coupon shall not be presented for payment at the due date thereof, the Board having deposited with the Trustee in trust for the purpose, or left with it if previously so deposited, funds sufficient to pay the principal of such Bond together with all interest due thereon to the date of the maturity of such Bond or to the date fixed for the redemption thereof, or to pay such coupon, as the case may be, for the use and benefit of the holder thereof, then and in every such case, interest on said Bond or on said unpaid coupon, and all liability of the Board to the holder of said Bond for the payment of the principal thereof and interest thereon, as the case may be, shall forthwith cease, terminate and be completely discharged; and thereupon it shall be the duty of the Trustee to hold the funds, so deposited in trust, for the benefit of the holder of such Bond or unpaid coupon, as the case may be, who shall thereafter, as long as the funds deposited or left on deposit for the payment thereof shall remain on deposit with the Trustee, be restricted exclusively to said funds for any claim of whatsoever nature on the part of such holder under this Indenture or on said Bond or any coupons appertaining thereto, or on said unpaid coupon.

(b) In case the holder of any Bond or coupon shall not within six (6) years after such Bond or coupon, as the case may be, shall have become due and payable, and funds for the payment thereof shall have been deposited with the Trustee, claim the amount deposited pursuant to subsection (a) of this Section for the payment thereof, or in case the holder of any Bond or coupon shall not, within six (6) years after the deposit or receipt of moneys under Section 12.01 of this Article, claim the amount so deposited, the Trustee shall upon demand pay over to the Board such amount so deposited if the Board is

not at the time in default hereunder to the knowledge of the Trustee. The Trustee shall be free from any and all liability or responsibility for money so paid over by the Trustee, and the Board shall be liable to the holder of such Bond or coupon only to the extent of the funds so returned to it.

Section 12.03. Except as in this Section otherwise expressly provided, the holders of sixty-five per cent (65%) or more in principal amount of the Bonds at any time outstanding shall have the power, by an instrument or instruments in writing signed by such holders in person or by their duly authorized agents or attorneys or by a committee constituted by an agreement to which any portion of the Bonds shall have been made subject by deposit or otherwise, and delivered to the Trustee, to authorize any modification or alteration of this Indenture or any indenture supplemental hereto or the rights and obligations of the Board under this Indenture or of the holders of Bonds and coupons issued under this Indenture in any particular, approved by the Board, including without limitation by reason of the foregoing (1) release from the statutory mortgage lien of any part of the Project covered thereby, provided the security of any bondholder is not thereby impaired, and (2) waiver of any default and of any rights arising by reason of any default under any of the provisions of the Indenture; and any action herein authorized to be taken with the assent or authority, given as aforesaid of the holders of sixty-five per cent (65%) or more in principal amount of the Bonds at the time outstanding shall be binding upon the holders of all of the Bonds then or from time to time thereafter outstanding under the Indenture as fully as though such action were specifically and expressly authorized by the terms of the Indenture; provided always that no such modification or alteration (a) shall change or impair the obligation of the Board to pay the principal of and interest on the Bonds at the respective dates and at the places and in the respective amounts, as provided in the Bonds, (b) shall give to any Bond or Bonds secured by the Indenture any preference over any other Bond or Bonds so secured, (c) shall authorize the creation of any lien prior to or on a parity with the said statutory mortgage lien, (d) shall deprive any Bondholder of the security afforded by this Indenture, or (e) shall reduce the percentage required by the provisions of this Section for any action under this Section. Any modification of the provisions of the Indenture, made as aforesaid, shall be set forth in a supplemental indenture between the Trustee and the Board in the manner provided in Article Seven.

Section 12.04. The Board and the Trustee agree, and each holder or owner of any Bond or coupon by his acceptance thereof shall be conclusively deemed to have agreed, that any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten per cent (10%) in principal amount of the Bonds outstanding, or to any suit instituted by any Bondholder for the enforcement of the principal of or interest on any Bond, on or after the respective due dates expressed in such Bond.

Section 12.05. This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered,

each as an original, shall constitute but one and the same instrument. The date of actual execution of this Indenture shall be the date of execution by the Trustee.

Section 12.06. If there should be any misapplication of the proceeds of the Bonds, such misapplication shall not affect the validity of the Bonds.

Section 12.07. If any section, paragraph, clause or provision of this Indenture shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Indenture.

## ARTICLE THIRTEEN

### IDENTIFICATION OF THE PROJECT

Section 13.01. The "Project," as defined in Section 1.01 hereof, and as referred to throughout this Indenture, is identified as two (2) buildings for housing approximately 96 men students, including dining facilities, with necessary appurtenant facilities, to be constructed by the Board upon sites which have become portions of the campus of the University of Kentucky in the City of Lexington, Fayette County, Kentucky, described as follows:

- I. A tract of land on the University of Kentucky campus in Lexington, Fayette County, Kentucky, known as 460 Clifton Avenue, and more particularly described as follows: Beginning at a point near the intersection of Clifton and Woodland Avenues (south-west corner); thence N 42° 20' W a distance of 90 feet; thence S 48° 13' W a distance of 153 feet; thence S 42° 20' E a distance of 90 feet; thence N 48° 13' E a distance of 153 feet to the point of beginning, as shown on the Plat of Building Site for Alpha Gamma Rho Fraternity, University of Kentucky, prepared by John A. Dearing and dated May 9, 1959; and being the property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from J. Q. Rowe and Margaret V. Rowe, his wife, by deed dated August 15, 1957, and of record in Deed Book 629, page 418, in the office of the Clerk of the Fayette County Court; and also being part of the property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from C. B. Mathis and Alleen H. Mathis, his wife, by deed dated September 19, 1958, and of record in Deed Book 654, page 101, in the office of the Clerk of the Fayette County Court.
- II. A tract of land on the University of Kentucky campus in Lexington, Fayette County, Kentucky, known as 710 Woodland Avenue, and more particularly described as follows: Beginning at a point near the intersection of Hilltop and Woodland Avenues (which point is 306 feet from the southwest corner of Woodland Avenue and Clifton Avenue); thence N 48° 13' E a distance of 153 feet; thence N 42° 20' W a distance of 90 feet; thence S 48° 13' W a distance of 103 feet; thence N 42° 20' W a distance of 10 feet; thence S 48° 13' W a distance of 50 feet; thence S 42° 20' E a distance of 100 feet to the point of beginning, as shown on the Plat of Building Site for Sigma Chi Fraternity, University of Kentucky, prepared



by John A. Dearing and dated May 9, 1959; and being part of the property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from C. B. Mathis and Alleen H. Mathis, his wife, by deed dated September 19, 1958, and of record in Deed Book 654, page 101, in the office of the Clerk of the Fayette County Court; and being also part of the property conveyed to the Commonwealth of Kentucky for the use and benefit of the University of Kentucky from J. Q. Rowe and Margaret V. Rowe, his wife, by deed dated August 15, 1957, and of record in Deed Book 629, page 418, in the office of the Clerk of the Fayette County Court.

IN WITNESS WHEREOF, Board of Trustees of the University of Kentucky, the party of the first part, has caused its corporate name to be hereunto subscribed by its Chairman, and its corporate seal to be hereunto affixed and said seal to be attested, and this Indenture to be countersigned by its Secretary; and the party of the second part, Farmers Bank & Capital Trust Company, to evidence its acceptance of the trust hereby created and vested in it, has caused its corporate name to be hereunto subscribed by its President, or a Vice-President, thereunto duly authorized, and its corporate seal to be hereunto affixed and its seal to be attested, and this Indenture to be countersigned by its Trust Officer; all as of the day and year first above written, but actually on this \_\_\_\_\_ day of \_\_\_\_\_, 1960.

BOARD OF TRUSTEES OF THE UNIVERSITY  
OF KENTUCKY

(SEAL)

ATTEST:

Countersigned:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Chairman

FARMERS BANK & CAPITAL TRUST COMPANY

By \_\_\_\_\_  
President

(SEAL)

ATTEST:

Countersigned:

\_\_\_\_\_  
Trust Officer

STATE OF KENTUCKY  
Sct.  
COUNTY OF FRANKLIN

On this the \_\_\_\_\_ day of \_\_\_\_\_, 1960, before me,  
the undersigned Notary Public in and for the State and County aforesaid,  
appeared \_\_\_\_\_

and \_\_\_\_\_, to me personally known to be

the Chairman and Secretary, respectively, of the Board of Trustees of the  
University of Kentucky, and \_\_\_\_\_

and \_\_\_\_\_, known to me to be

\_\_\_\_\_ and Trust Officer, respectively, of the

Farmers Bank & Capital Trust Company, of Frankfort, Kentucky, and each  
being severally sworn, acknowledged for their respective corporations that  
the seals in each instance affixed to the within and foregoing instrument are  
the corporate seals of their respective corporations, and that said instrument  
was executed, signed and sealed by each of them on behalf of their respective  
corporations, by authority of the governing board of each corporation, and  
each acknowledged the execution of the said instrument to be the free and volun-  
tary act and deed of his respective corporation.

WITNESS my hand and seal of office this \_\_\_\_\_ day of  
\_\_\_\_\_, 1960. My Commission expires \_\_\_\_\_.

Notary Public, \_\_\_\_\_ County,  
Kentucky

(SEAL)

Section 5. Simultaneously with the delivery of any of said Bonds to  
the purchaser or purchasers thereof, disposition shall be made of the proceeds  
as provided in said Indenture.

Section 6. This Resolution shall be in full force and effect from and  
after its adoption.

Section 7. If any section, paragraph, clause or provision of this  
Resolution shall be held invalid, the invalidity of such section, paragraph,  
clause or provision shall not affect any of the remaining provisions of this  
Resolution.

Adopted by the Board of Trustees of the University of Kentucky at a meeting held on the 13th day of December, 1960.

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Chairman, Board of Trustees,  
University of Kentucky

ATTEST:

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Secretary

and moved that all rules be suspended and that said proposed Resolution be adopted, which motion was seconded by J. Stephen Watkins, a member of the Board, and said motion having been duly considered, the Chairman put the question, and upon roll being called, the following voted "Aye": Dr. Ralph J. Angelucci, R. W. Bushart, Harper Gatton, Dr. Paul B. Hall, Robert Hillenmeyer, Robert P. Hobson, H. B. Murray, J. Stephen Watkins, Floyd H. Wright, Governor Bert Combs. "Nay": None.

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

J. Southern Regional Education Board Requests Declined.

President Dickey read the following letter from Mr. Robert C. Anderson, Director of the Southern Regional Education Board:

November 18, 1960

President Frank G. Dickey  
University of Kentucky  
Lexington, Kentucky

Dear Frank:

At the annual meeting of the Southern Association of Land-Grant Colleges and State Universities on September 26-27, 1960, at Memphis, Tennessee, the Association approved the report and adopted the recommendations of a joint SREB-SALGCSU committee on waiver of out-of-state tuition at the graduate level for certain students of the Southern region. A copy of the complete report of the committee, as accepted by SALGCSU, is enclosed. I am writing to you in regard to the adopted recommendations on pages 6-7.

Since the staff of SREB has been requested to ascertain the interest of each member institution of the Association and be of such assistance as is appropriate, the purpose of this letter is to inquire if, in the light of the Association's action, the University

of Kentucky has considered any plans for the implementation of this proposal. During the preparation of the report, Mr. Lloyd W. Chapin, SREB staff member on the joint committee, had some correspondence with Dean A. D. Kirwan of your institution on this matter. Although the ways and means will inevitably vary among the several states and institutions, there seems to be a consensus that most of the member institutions of the Association could make arrangements which will provide for relieving the superior students of the region (those who rank in the upper twenty-five per cent of their baccalaureate class) of paying out-of-state tuition fees at the graduate level, with such benefits as are described in the committee's report. We are informed that at the present time Auburn University, Clemson College, the University of Maryland, and Virginia Polytechnic Institute do not charge out-of-state fees to graduate students.

The Southern Regional Education Board would like to help the interested institutions in developing this plan into a region-wide practice. I would appreciate your suggestions as to how we can be of assistance. One way will be for us to keep you informed of what other institutions are doing to put this proposal into effect. Would you wish to designate a member of your staff to whom we can direct further correspondence?

I am looking forward to hearing from you.

With personal regards and best wishes, I am

Cordially yours,

Robert C. Anderson  
Director

The President explained that the University was being requested to waive out-of-state fee for out-of-state students entering the University under the sponsorship of the Southern Regional Education Board. He also submitted a report of a special committee on waiver of out-of-state fee to the Southern Association of Land-Grant Colleges and State Universities. President Dickey stated that he felt this was a discrimination against other out-of-state students entering the University and could not recommend approval of the request.

Members of the Board of Trustees discussed the question at issue, and, upon motion duly made, seconded and carried, the request was authorized filed and no action taken.

#### K. Change in Governing Regulations of the Constitution of the Student Congress Approved.

President Dickey read the following letter:

November  
Fifteen  
1960

President Frank G. Dickey  
University of Kentucky

Dear President Dickey:

As a result of the Faculty meeting yesterday there are a few items that should be called to your attention. In order to save us both time, I shall merely enumerate them. If you feel that you need more information, I can go into these matters at a subsequent conference.

1. The proposed Constitution of the Student Congress was amended in Article V, Sections 2 and 3, in such a way as to insure that there will be student membership on faculty and administrative committees only when the committee deals with matters that are directly related to student interests and activities. The effect of the amendment is to say that students shall serve on committees only when asked to do so by the Committee on Committees, or by the President.

2. Article VI in the Constitution of the Student Congress provides for three student members on the University Faculty. This is in conflict with the University Governing Regulations. This section was approved subject to the amendment being made in the Governing Regulations by the Board of Trustees. I would assume that you would want to present this matter to the Board or to the Executive Committee at your earliest convenience.

3. It was the sentiment of the Faculty, formally expressed, that the December meeting be reserved for a discussion of the off-campus program of the University and that all routine matters be carried over to the January or a special meeting of the Faculty unless they are definitely of an emergency character.

4. One matter will have to be cared for at the December meeting. Action on the calendar was postponed yesterday because a considerable number of the Faculty had not received copies of the proposed calendar. It will be necessary to clear this matter at the December meeting in order not to delay too long the preparation of copy for the Catalog.

5. There was complaint yesterday that Faculty notices and Faculty minutes are not being distributed as they should be. We ran into considerable difficulty because a sizeable number of the Faculty had not received either the notice of the meeting or a copy of the proposed calendar. A few claimed they had not received the Constitution of the Student Congress, although this was supposedly sent to the entire teaching staff. Apparently the Stenographic Bureau has been placing Faculty announcements and Faculty minutes in a low priority. Dr. Elton states that a list of the newly elected members of the Faculty was sent to the Stenographic Bureau on October 5, yet these new members were not included when the proposed calendar was sent out. Although no formal action was taken, the Faculty is requesting:

- a. That all notices to the Faculty and all minutes of meetings be distributed without undue delay.
- b. That changes in the membership of the Faculty be recorded in the mailing list without unreasonable delay.
- c. That all Faculty notices and minutes go to the entire University teaching and research staffs, as provided for by an action of the Faculty of a few months ago.

Perhaps I might comment on this last matter. As you probably know, the Stenographic Bureau was created years ago as a service agency for the faculty. Gradually administrative matters have occupied more and more of its time and it may very well be that the office is so overloaded that some of the delays referred to above cannot be avoided. The fact remains that the Faculty feels that its business deserves a high priority on the part of the Stenographic Bureau. I do not know what the solution is to this problem, but I believe it merits attention. I should note also that the distribution of all notices and minutes to all members of the teaching and research staffs is going to be a rather expensive operation. Nevertheless, the Faculty is insisting that this be done.

Sincerely,

(Signed) Leo M. Chamberlain  
Vice President

Some discussion ensued. President Dickey said that the change would be that three students would sit with the University Faculty instead of one student as is now the case. He reported that the Faculty had no objection and, upon motion duly made, seconded and carried, the change was authorized and made effective at once.

#### L. Temporary Employment Approved for Mrs. Boyd Wheeler.

President Dickey stated that he was recommending waiver of the University rule against employing relatives of existing personnel and, because of Mrs. Boyd Wheeler's experience and acquaintance with the ICA contract as in operation in Indonesia, he was recommending her for temporary employment in the Kentucky Research Foundation. He stated that she will help in examining, counseling and evaluating participant training for the Indonesian personnel assigned.

Mrs. Wheeler will be employed on an hourly basis of approximately three hours a day and is especially qualified for this work since she spent two years working in Indonesia on this program.



Upon motion duly made, seconded and carried, the President's request was concurred in.

M. Persons Employed and Given Change of Rank for Indonesian Contract Approved.

President Dickey stated that, from time to time, it was necessary to employ and make changes in rank with reference to personnel assigned to Indonesia on the contract program. He stated that Jessie McQueen would be stationed in Bogor, Indonesia, and he wished to recommend change of rank to Associate Professor, Home Economics, for her on two year assignment. He stated that Dr. R. E. Stephenson would be stationed at Bandung, Indonesia, and he desired to give Dr. Stephenson the rank of Professor of Electrical Engineering, upon 18-months assignment. He also stated that Dr. B. D. Kern, Professor in the Physics Department, would have a 19-months assignment at Bandung, Indonesia, with no change in rank. He recommended that the employment of these people, and their ranks and positions, be approved.

Upon motion duly made, seconded and carried, Jessie McQueen was given the rank of Associate Professor of Home Economics, two-year assignment in Bogor, Indonesia; Dr. B. D. Kern, Professor of Physics, 19-months appointment, and Dr. R. E. Stephenson, Professor of Electrical Engineering, 18-months assignment in Bandung, Indonesia, with the understanding that these positions of employment are for a period not to exceed the number of months indicated for their assignments in Indonesia.

N. Change-of-Work Status for Miss Wofford Approved.

President Dickey stated that Miss Azile May Wofford, Associate Professor of Library Science, College of Arts and Sciences, came to the University September 1, 1938. She has been employed at the University on a continuous basis for twenty-two years and five months; therefore, she is entitled to change-of-work salary of  $42\frac{1}{2}\%$  per annum at the age of 65 years, or \$2,952.90 per annum. He stated that Miss Wofford was being recommended for change-of-work as of her 65th birthday, effective February 1, 1961, due to her health, and recommended that her assignment of duties under change-of-work be as follows:

1. Completion of a book, "Book Selection for School Libraries", for which Miss Wofford is under contract with the H. W. Wilson Company, New York. During leave of absence for the fall semester, 1960-61, she has been working on this project which should be finished in the spring.
2. Completion of a history of the Department of Library Science which Miss Wofford began in the early 1950's at the time the Department was being considered for accreditation by the American Library Association.

Upon motion duly made, seconded and carried, Miss Azile May Wofford, Associate Professor, was given change-of-work status as of February 1, 1961, with recommended assignment of duties as stated above.

O. Budget Adjustment.

President Dickey recommended that the sum of \$1,500.00 be transferred from the unappropriated surplus of the University budget to Account 550 to pay James F. Hopkins' salary as agreed upon. He stated that this appropriation is not a continuing one but is to correct an error in the budget as originally made.

Upon motion duly made, seconded and carried, the recommendation of the President was concurred in and the budget adjustment was authorized.

F. Free-Fee Scholarships Approved.

President Dickey stated that it was a policy of the University to grant free-fee scholarships to a few foreign students in order to assist the Federal Government in its foreign aid program. He recommended that plans be made to furnish free-fee scholarships to Asraf Ali, Pakistan; and Yu-shou Hsu, China.

President Dickey stated further that George Shammas of Palestine will be given his room and a small scholarship from the Rotary Club for the second semester of the academic year 1960-61, and he recommended that he be given a free-fee scholarship by the University, as has been the custom in the past under similar circumstances.

On motion duly made, seconded and carried, free-fee scholarships were authorized for Asraf Ali, Pakistan, Yu-shou Hsu, China, and George Shammas, Palestine.

Q. Annual Report of the President, 1959-60, Received.

President Dickey presented to members of the Board the annual report of the President for 1959-60. He stated that the year had been a good one. However, one of the pressures of which we have been so conscious has been that of the need for more adequate classroom, library and office space. Fortunately, these pressures are being met in the planning and anticipated construction of the Chemistry-Physics building, the Library Addition and the College of Commerce building. He reported that much planning was taking place in other areas, such as additions to the College of Engineering, College of Law and College of Education. He recommended that members of the Board read the report which gives a rather complete listing of the needs of the University and accomplishments for the period covered.

President Dickey briefly reported on the progress being made in the establishment of a University of Kentucky Research Center at Spindletop Farm, the acquisition of land by the State, and the progress being made in establishing an industrial research center at Spindletop.

#### R. Campus Expansion Program Approved.

President Dickey presented a master plan of the campus and marked various areas which should be eventually acquired by the University. He designated these areas by numbers 1 to 10 and indicated that the University already owned properties in all of these areas. He suggested that the Board consider the expansion program on a long-range viewpoint, 25 to 50 years. He further explained that approval by the Board of Trustees and by the City of Lexington would aid the University in establishing urban renewal programs.

Considerable discussion ensued. Upon motion duly made, seconded and carried, the master plan of the campus and its expansion of areas designated 1 to 10, inclusive, were approved.

#### S. Employment of Planning Architect Authorized.

Member J. Stephen Watkins expressed the thought that it was very important to keep a master campus plan up to date, and he thought it would be helpful if the University should employ professional planners as the architects of the University to review our current plan and to keep the plan up to date from year to year. He suggested that, perhaps, a contract should be made for a two or three-year program, and so moved that the President be authorized to employ planning architects to review and keep up to date our master campus plan. The motion was seconded and carried.

#### T. Report of Study of the University Retirement System.

President Dickey reported that some progress had been made by the committee appointed to study a retirement plan. He stated that the committee had expressed three general thoughts as follows:

(1) That a retirement plan, funded by premium payments by the institution and each annuitant, is recommended; that such a funded retirement plan replace the present "change-of-work" plan of the University as institutional policy; that the retirement annuity plan, when inaugurated, be made elective for all personnel employed at that time, but compulsory for all persons employed after that date, all employees being subject to the qualifying conditions relative to physical age and tenure of service with the University.

(2) That the present "change-of-work" plan of the University of Kentucky be continued for those members of present faculty and staff who prefer, either because of age or years of service, to remain under the terms of "change-of-work" status.

(3) That steps be initiated promptly to modify existing legal restrictions which now prevent the Board of Trustees of the University of Kentucky from inaugurating a funded retirement program.

He stated that the Committee had not made final recommendation and had been asked to intensify their study.

#### U. Request of Insurance Committee Approved.

President Dickey stated that Dr. Ralph R. Pickett, Chairman, Employees Insurance Committee, had reported that approximately 80% of the administrative, teaching and research personnel had replied to an inquiry concerning the interest of the group in a major medical expense insurance program. He stated that there was substantial interest in the hospitalization program of the University and that the Committee desired clearance from the Board of Trustees as to whether or not it should go forward with revising the hospitalization program. He reported that, if the Board's attitude was favorable, all persons in eligible categories would be asked to join the hospital insurance group and the Committee would push forward to adopting a major medical insurance program. Seventy-five per cent of those eligible would be required to vote favorably if such a program is to be put into effect.

Upon motion duly made, seconded and carried, the Board authorized the Employees Insurance Committee to revise or add to its program a major medical expense insurance plan to be voted upon by those eligible. The Insurance Committee was further given authority to take out a major medical insurance program for the entire group or have various groups that might meet the regular requirements for such a program.

#### V. Forestry Consultant Secured.

President Dickey submitted contract for the employment of a forestry consultant to be paid for from Kellogg Foundation funds. He stated that the Farm Bureau had agreed to supplement Kellogg Funds for travel in amount not to exceed \$10,000. He gave the Board of Trustees information concerning the qualifications of Mr. Gilbert E. Brown. He stated that it would take \$15,000 a year to avail the University of his services. Mr. Brown has had considerable experience in forestry consultation work and, undoubtedly, would contribute a great deal to the University forestry program in the State.

Upon motion duly made, seconded and carried, contract with Gilbert E. Brown was authorized executed on behalf of the University.

#### W. Gifts.

From: Kentucky Broadcasters Association,  
Harlan, Ky. --\$300.00.

President Dickey reported receipt by the Kentucky Research Foundation of \$300.00 from the Kentucky Broadcasters Association, in support of the Charles C. Warren Memorial Scholarships for the 1960-61 school year. He recommended that this gift be accepted, and upon motion duly made, seconded and carried, the check for \$300.00 was ordered accepted, and the President was requested to write a letter to officials of the Association.

From: Anonymous Donor--\$81.00.

President Dickey reported that a generous friend of the University who wished to remain anonymous had given to the University \$81.00 to be added to the Northern Center Scholarship Fund. He recommended acceptance of the gift, and upon motion duly made, seconded and carried, the gift was authorized accepted.

From: National Association of Artificial Breeders, Columbia, Missouri--\$1,500.00.

President Dickey presented check for \$1,500.00 from the National Association of Artificial Breeders as part of their grant for this fiscal year. He stated that this would be used in support of the Experiment Station's research project, "Reproductive Problems in Dairy Cattle", and recommended that it be accepted.

Upon motion duly made, seconded and carried, the check for \$1,500.00 was ordered accepted, and the President was requested to thank the donors.

From: Falls Cities Cooperative Milk Producers Association, Inc., Louisville, Ky. --\$300.00.

President Dickey reported that the Falls Cities Cooperative Milk Producers Association, Inc., had given to the University their check for \$300.00 to be applied to the Kentucky Dairy Education Fund. He recommended that this be accepted, and upon motion duly made, seconded and carried, the check was ordered accepted, and the President was requested to thank the donors for the same.

From: Kentucky Artificial Breeding Association, Louisville, Ky. --\$200.00.

President Dickey reported that Kentucky Artificial Breeding Association had given to the University their check for \$200.00 to be applied to the Kentucky Dairy Education Fund. He recommended that this be accepted, and upon motion duly made, seconded and carried, the check was ordered accepted, and the President was requested to write a letter of appreciation to the Association.

From: Union Carbide Corporation--\$750.00.

President Dickey reported that Union Carbide Corporation had given to the Kentucky Research Foundation their check for \$750.00 to be used in support of their scholarship program in the College of Engineering for the year 1960-61. He recommended that this be accepted, and upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to thank the donors.

From: The Algernon Sydney Sullivan Foundation,  
New York--\$4,000. 00.

President Dickey stated that The Algernon Sydney Sullivan Foundation had given to the University their check for \$4,000. 00, in payment of the grant for the Algernon Sydney Sullivan Scholarship Fund for the current scholastic year. He recommended that this gift be accepted, and upon motion duly made, seconded and carried, the check was ordered accepted, and the President was requested to thank the donors.

From: Grayson Foundation, Inc. , Lexington, Ky. --  
\$43,000. 00.

President Dickey announced that Grayson Foundation had given to the University check for \$43,000. 00 in support of equine research projects now under way at the Experiment Station. He recommended that this grant be accepted, and upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President and requested him to write a letter of appreciation to Mr. Clarkson Beard, president of the Foundation.

From: The General Electric Foundation, Ossining,  
New York--\$97. 75.

The President stated that The General Electric Foundation had given to the University check for \$97. 75, as the matching amount for gifts by University of Kentucky alumni who are employees of the General Electric Company. He recommended that the gift be accepted, and upon motion duly made, seconded and carried, the check was ordered accepted, and the President was requested to make acknowledgment of the same.

From: Mrs. Frank Fritts -- 50 Shares of The  
Texas Company.

President Dickey stated that the Kentucky Research Foundation was in receipt of fifty shares of The Texas Company stock which had been assigned to the Kentucky Research Foundation for the James Hiram Graham Engineering Scholarship Fund. He recommended that this gift be accepted, and upon motion duly made, seconded and carried, the shares of stock were authorized accepted, and the President was requested to thank Mrs. Fritts.



## X. Appointments and Other Staff Changes.

President Dickey submitted staff appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes requested by deans and heads of departments.

### COLLEGE OF ARTS AND SCIENCES

#### Appointments

Robert Owen Buzbee, Part-time Instructor, School of Journalism, beginning November 1, 1960, ending June 30, 1961.

Peggy A. Green, Secretary and Multilith Operator, Department of Mathematics and Astronomy, beginning November 14, 1960, ending January 31, 1961.

#### Resignation

Joan M. Crusham, Secretary and Multilith Operator, Department of Mathematics and Astronomy, effective November 12, 1960.

#### Changes in Status

John Donahoe, Assistant Professor, Department of Psychology, adjustment of KRF Contract pay, effective October 31, 1960.

William F. Wagner, Professor, Department of Chemistry, adjustment in KRF pay for direction of Rare Earths Project, beginning October 1, 1960, ending June 30, 1961.

Walter T. Smith, Jr., Professor, Department of Chemistry, adjustment in supplemental pay from KRF, effective January 31, 1961.

Stanislaw Balcerzyk, Part-time Instructor, Department of Mathematics and Astronomy, due to clerical error, change from resignation effective October 15, 1960, to change in effective date of appointment to October 15, 1960.

### COLLEGE OF AGRICULTURE AND HOME ECONOMICS

#### Appointments

Janice H. Crase, Assistant Home Demonstration Agent in Training, Jefferson County, Louisville, beginning November 16, 1960.

Charline Coons Wilson, Assistant Home Demonstration Agent, Ballard County, Wickliffe, beginning December 1, 1960.

Dorothy Lucille Kelley, Clerk, Agricultural Extension, beginning November 15, 1960.

Harold F. Moberly, Carpenter, Farm Maintenance, beginning November 7, 1960.

Edward D. McMahan, Laboratory Technician, Horticulture, beginning November 18, 1960.

William B. Culbertson, Laboratory Technician, Horticulture, beginning November 5, 1960, ending June 30, 1961.

#### Resignation

Ivan Blejec, Technician, Horticulture, effective October 17, 1960.

#### Leaves of Absence

G. F. Summers, Personnel and Training Officer, Extension, continue leave, beginning January 5, 1961, ending January 4, 1962.

W. Wilson Hourigan, Area Agent in Rural Development, Warren County, Bowling Green, change dates of sabbatical leave from October 15, 1960, ending February 28, 1961, to October 15, 1960, ending July 16, 1961.

#### Changes in Status

Lucien Coleman White, Jr., Assistant Agricultural Agent in Rural Development, to Area Extension Agent in Rural Development, same county, beginning November 1, 1960.

Clifton Taylor, Assistant County Agent, Monroe County, Tompkinsville, to County Agent, Simpson County, Franklin, beginning November 1, 1960, with adjustment in salary.

Paul R. Johnson, Assistant Professor, Experiment Station, adjustment in salary, beginning November 1, 1960.

Phyllis Ann Bowling, Assistant Home Demonstration Agent in Training, Whitley County, Williamsburg, to Home Demonstration Agent, Letcher County, Whitesburg, beginning November 16, 1960.

Lewellyn Hall, Aide, Experiment Station, adjustment in salary, beginning November 1, 1960.

Anna Merle Hornsby, Assistant Home Demonstration Agent in Training, Graves County, Mayfield, transferring to Caldwell County, Princeton, with adjustment in salary, beginning November 1, 1960.

Janet Rae Humphries, Stenographer, Extension, to Assistant Secretary, with adjustment in salary, beginning October 1, 1960.

### COLLEGE OF COMMERCE

#### Resignation

Anne O. Whitaker, Secretary, effective December 8, 1960.

## COLLEGE OF ENGINEERING

### Appointments

Gerald Kenneth Smith, Laboratory Assistant, Nuclear Engineering Laboratory, Mechanical Engineering, beginning November 1, 1960, ending May 31, 1961.

Deh Chang Tao, Part-time Lecturer, Mechanical Engineering, beginning February 1, 1961, ending May 31, 1961.

## COLLEGE OF EDUCATION

### Appointment

Jo Bishop, Secretary, beginning November 15, 1960, ending June 30, 1961.

### Resignation

J. Wilson Gregory, Instructor, effective October 31, 1960.

## EXTENDED PROGRAMS

### Appointments

Lillian Ann Alcorn Yates, Secretary, beginning November 1, 1960, ending June 30, 1961.

Clara H. Richards, Botany Lecturer, Northern Center, for five months, beginning September 1, 1960, ending January 31, 1961.

### Resignation

Mildred Burress, Secretary, effective November 12, 1960.

### Leaves of Absence

Gilbert E. Tauffner, Director, Audio-Visual Services, return from leave of absence, beginning November 1, 1960, ending June 30, 1961.

The following persons to be paid for extension instruction for a period from August 20, 1960, to December 10, 1960: Joan Chenault, Howard Eckel, Anna Gorman, Charles Manker, Elbert Ockerman, George Rogers, J. R. Schwendeman, Denver Sloan, Paul Street and Charles Talbert.

Evening Class instructors and assistants who will have completed 12-week courses: Martha Carr, Lovaine Lewis, Lagatha Monroe, Ruby Evans Hart and Ralph Pickett.

The following person for instruction in the Evening Class Program: Donald Hochstrasser.

The following person for instruction in Extension Classes beginning November 1, 1960, ending January 31, 1961: Edna C. Miller.

## MEDICAL CENTER

### Appointments

Cecelia Zyzniewski, Instructor, College of Nursing, beginning December 15, 1960, ending June 30, 1961.

Miroslava N. Winer, Teaching and Research Associate, Department of Anatomy, beginning November 1, 1960.

Sandra Kay Bailey, Secretary, Community Services, beginning November 2, 1960.

Marcine Edwards Detwiler, Secretary, Office of the Vice President, beginning November 14, 1960.

Gabriel Favelukes, Research Fellow, Department of Biochemistry, beginning October 15, 1960.

Robert E. Manor, Chief X-Ray Technician, University Hospital, beginning July 1, 1961.

Iva Dean Wright, Secretary, Medicine, beginning November 16, 1960, ending indefinite.

William H. Ennis, Assistant Administrator, Hospital Administration, beginning February 15, 1961.

### Changes in Status

John H. Githens, Professor of Pediatrics, change effective date of appointment from December 1, 1960, to November 15, 1960.

Caroline M. Settles, Secretary, Office of the Vice President, transferring to Kentucky Research Foundation as Secretary, effective November 14, 1960.

## OFFICE OF THE PRESIDENT

### Appointment

E. E. Litkenhous, Research Consultant, UK, Research Institute, Spindletop, beginning October 15, 1960.

### Changes in Status

Linda L. Hilander, Secretary, Placement Service, adjustment in salary, beginning November 1, 1960, ending June 30, 1961.

Jean Northcutt, Secretary, Kentucky Research Foundation, to divide time between KRF and Spindletop Research Institute, beginning November 7, 1960, ending indefinite.

## OFFICE OF THE VICE PRESIDENT

### Appointments

Barbara White, Key Punch Operator, Machine Statistics, beginning November 21, 1960, ending June 30, 1961.

Eleanor Ruth Hiler, Key Punch Operator Trainee, Computing Center, beginning November 17, 1960, ending June 30, 1961.

Rita Louise Hatcher, Secretary, Computing Center, beginning November 16, 1960, ending June 30, 1961.

Xenia Petroff, Library, beginning November 1, 1960, ending April 30, 1961.

### Resignations

Norma Blake Miller, Secretary-Typist, Computing Center, effective November 30, 1960.

Ann Meyers, Key Punch Operator, Machine Statistics, effective November 19, 1960.

Ben H. Coke, Assistant Photographer, Library, effective November 9, 1960.

### Change in Status

John W. Hamblen, Director of Computing Center and Associate Professor of Statistics, continuation of KRF pay for the month of December, 1960.

## OFFICE OF THE VICE PRESIDENT FOR BUSINESS ADMINISTRATION

### Appointments

Violet L. Wollner, Purchasing Assistant, Purchasing, beginning November 8, 1960.

Sammie Cassity, Mail Carrier, Post Office, beginning December 1, 1960.

Resignation

Leland Gilbert Fish, Mail Carrier, Post Office, effective December 9, 1960.

## OFFICE OF THE DEAN OF MEN

Appointments

Mary S. Moss, Housemother, beginning November 26, 1960.

Belle Drury Herrmann, Housemother, beginning December 1, 1960.

Resignations

Allene L. Kennedy, Housemother, effective November 30, 1960.

Mary B. Johnson, Housemother, effective October 31, 1960.

On motion duly made, seconded and carried, on President Dickey's recommendation, the Executive Committee concurred in the above appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes, and record was ordered made in the minutes.

Y. Agreement between College of Nursing and Central Baptist Hospital  
Approved.

President Dickey read the following letter from Dr. Marcia Dake, Dean of the College of Nursing, and Dr. William R. Willard, Vice President for the Medical Center:

December 9, 1960

Dr. Frank G. Dickey, President  
University of Kentucky  
Lexington, Kentucky

Dear President Dickey:

I am forwarding the proposed agreement between the College of Nursing and Central Baptist Hospital for consideration and approval of the Board of Trustees. If you, (and the Board of Trustees, if necessary) approve of this agreement, I would appreciate return of three signed copies which will then be presented to the Administrator and Board of Central Baptist Hospital

for their approval and signature.

The College of Nursing is engaged in planning education for two types of students within the baccalaureate degree program. For students entering the program from high school, teaching in the clinical setting will not, for all intents and purposes, start until September, 1961. The first clinical nursing course for graduates of hospital schools, who are registered nurses, has been started this semester with the cooperation of Central Baptist Hospital. It may be valuable for you to know that from the early days of planning for nursing education, Central Baptist Hospital has been considered as the Community Hospital with the most potential for us in nursing education. This is because the other two general hospitals both had diploma schools of nursing (both now also have practical nurse students) and that carrying on two types of education for "professional nursing" in the same clinical setting, is full of difficulties and should be avoided. The latter is particularly true where there is involvement of two institutions. This matter has been discussed with nursing and hospital administrative personnel of Good Samaritan Hospital and St. Joseph's Hospital, and I believe there is good understanding of and support for this premise.

We have explored the question of legal liability and from such exploration and discussion with Dean Matthews we believe the potential liability risk to the University to be similar to that involved in the activities which will be germane to the University Hospital. It is conceivable that the University could be sued for alleged negligence by our faculty or students in either hospital. This is not likely to occur, but in any event the University, as an agency of State Government, would be subject to a maximum liability in the Court of Claims of \$10,000.00.

As best we are able to project, we would envision future agreements with non-University agencies to incorporate very similar content. You will note that the agreement provides an opportunity for specific details to be worked out to the mutual satisfaction of both agencies.

I would be happy to try and provide any further clarification which would be desirable for you and for the Board of Trustees.

Sincerely yours

(Signed)

Marcia A. Dake  
Marcia A. Dake, Dean  
College of Nursing

(Signed)

William R. Willard  
Dr. William R. Willard, Vice-President  
for the Medical Center



On motion duly made, seconded and carried, the contract between the University of Kentucky College of Nursing and the Central Baptist Hospital was approved and authorized executed.

Z. Meeting Adjourned.

Upon motion duly made, seconded and carried, the meeting of the Board of Trustees was adjourned at 12:20 p. m. , CST. They went to the Student Union where a delightful luncheon was served.

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