

Minutes of the Special Called Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky, Monday, November 27, 1967

The Executive Committee of the Board of Trustees of the University of Kentucky met in special called session on Monday, November 27, 1967, at 10:00 a. m. , Eastern Standard Time, in the Board Room of the Administration Building on the campus for the purpose of reviewing and approving the University of Kentucky's biennial budget request for 1968-70, and considering proposals from prospective bidders on \$31,400,000 Revenue Bond Anticipation Notes and to authorize future issue of Series C and Series D Bonds for the Lexington campus for academic facilities. Members of the Executive Committee present were Dr. Ralph Angelucci, Chairman, Mr. Richard E. Cooper, Dr. Harry Denham and Mr. Robert Hillenmeyer. Member Mr. Smith Broadbent was absent. President John Oswald, Vice Presidents A. D. Albright, Robert F. Kerley, Glenwood L. Creech, Robert L. Johnson and Lewis Cochran were also present, as were Mr. C. W. Grafton, Bond Counsel, Mr. Thomas Dupree, Bond Consultant, and representatives of the news media.

A. Meeting Opened

Dr. Angelucci called the meeting to order and, following roll call, a quorum reporting present, declared the meeting officially open at 10:07 a. m.

B. Purposes of Meeting

Dr. Oswald indicated that there were two items of business to present to the Executive Committee at this special called session--the first being the presentation of the 1968-70 biennial budget request, and the second, the authorization of future issue of Series C and D Bonds and the consideration of proposals from prospective bidders on \$31,400,000 Revenue Bond Anticipation Notes.

At the meeting of the Board of Trustees on November 10, it was hoped that the budget request would be finalized and ready for presentation at that time. This was not the case, however, and the deadline for its submission to the Council on Public Higher Education having been extended to November 27, the Board members authorized the Executive Committee to meet on November 27 to consider the final budget request and to act upon it prior to forwarding it to the Council. On November 20 the Executive Committee met for the purpose of considering bids on the Revenue Bond Anticipation Notes but it was deemed advisable to defer action on this matter until the bond market became more stabilized following the devaluation of the British pound. For these two reasons, the Executive Committee was called into special session on November 27, 1967.

C. Budget Request for 1968-70 Biennium

After copies of the printed biennial budget request of the University of Kentucky for 1968-70 were distributed to those present, Dr. Oswald said he would like to make his presentation in two parts--first, a stewardship report on the progress that has been achieved with funds received over the past two biennia, since a budget must be based upon translation of dollars into program, and second, some general comments on the budget request.

In making his stewardship report, Dr. Oswald commented first on enrollment. During the past four years 5,900 full-time equivalent students were added to the Lexington campus with the greatest increase being at the upper division and graduate student level. He attributed this not to any lack of emphasis on lower division work on the main campus but rather to the strong movement of the Community College System which is taking more and more students as freshmen and sophomores. The Community College System showed an increase of 3,000 full-time equivalent students over the past two biennia. Six new community colleges or community college-type institutions were added during this period--Elizabethtown and Prestonsburg in 1964, Somerset, Hopkinsville and the Lexington Technical Institute in 1965, and in January, 1968 the Jefferson Community College. Next year two new colleges will open--Maysville and Hazard. Paducah Junior College is scheduled to join the Community College System, making a total of fourteen.

The colleges comprising the Medical Center in the past two biennia have added some 400 full-time students. At the end of this year, the College of Medicine will have graduated its fifth class and some of its first graduates, having finished their internships and residencies, are now entering private practice. The College of Dentistry will have graduated its first three classes and the College of Nursing will have graduated its fifth class during these two biennia. The College of Pharmacy moved from a separate status to become a part of the Medical Center enabling total programming for the health sciences, in which pharmacy plays a key role.

A new School of Allied Health Professions has been added to the Medical Center to provide personnel needed at the pre-doctor, pre-dentist levels. Such programs as physical therapy, dental hygiene, medical technology, clinical nutrition, public health have been added. The School of Allied Health Professions works with the Community Colleges in providing several two-year associate degree programs, including dental technology, radiation therapy, inhalation therapy, and nursing. The Community College System has other two-year programs in agricultural technology, forestry, professional secretaryship, engineering, as well as nursing. These are all accomplishments in the growth of the program supported by the funds over the past two biennia.

The Academic Plan, developed during the Centennial year and now in its

second year of operation, is aimed at providing the best possible liberal arts undergirding for all of the professional efforts, whether they be in engineering, in education, or in business. To provide a higher quality undergraduate program in the College of Arts and Sciences, it has become necessary to form the kind of organization which relates more closely to the specific areas of student interest. The College has organized five new schools out of existing faculty--School of Fine Arts, Thomas Hunt Morgan School of Biological Sciences, School of Communications, School of Letters and Languages, School of Mathematical Sciences, and two more are yet to be activated.

At the graduate level, there has been a very decided growth of programs as reflected in several ways. Prior to 1964 there were between 35 and 45 doctoral degrees awarded each year. In 1965, this rose to 62, last year to 88, and this year's projection is 115 to 125 doctoral degrees to be awarded at commencement exercises. In this four-year period the output has trebled, which requires a greater input in the form of additional faculty and of competitive salary schedules. There has been a growth in new Ph. D. programs from 21 to 31 over this past four years. Graduate student enrollment has gone from 1,400 to nearly 2,200. The outside fellowships, not supported by State funds but which recognize our graduate program as a growing and rapidly developing one in terms of both quantity and quality, have gone from 67 in 1964 to 169 in the present year. These are programs supported by National Aeronautics Space Administration, National Science Foundation, National Defense Education Act, and other agencies. These are all evidences of a growing graduate program.

In the area of research, there has been a great deal of activity that indicates growth. In 1964, the level of extramural grants was 3.4 million. This year, it will be over 11 million dollars. This trebling of the extramural funds is a recognition of the activity and the quality of the faculty. Faculty research publications have gone from 230 to 410 in the division of colleges alone. The University has organized its research program by recognizing the need to bring together qualified people from a variety of academic disciplines. One of the most significant such efforts is seen in the launching of a very massive program of research in tobacco and health which involves medical center and agricultural scientists and chemists. In engineering and the physical sciences area there has been organized an Institute of Theoretical and Applied Mechanics. An Institute to Study Water Pollution has been organized, as well as a Center for Developmental Change to work on both national and international programs in the development area. Because of the University of Kentucky's success in Indonesia working in agriculture programs, the office of AID has invited the University to participate in the developing of a new agricultural experiment station in the very critical area of northeast Thailand.

In the area of extension, the Agricultural Extension Service in this past four years has reorganized its efforts by dividing the State into 14 specific areas and has organized what is known as the area extension program, grouping together

counties with similar problems and providing trained specialists to help the area achieve its maximum potential. This is in a period of transition now and is under careful study to be sure that in the process the service is developed soundly and effectively throughout the state.

The College of Business and Economics has organized a developmental services program for its extension service, and this past June, the University reorganized its overall extension efforts within the institution, providing the framework for an organization to bring to these areas of the state the expertise not only from agriculture but from each of the colleges.

All of this--the growth in graduate and undergraduate programs and the expansion of research and service--relates back to faculty because these can only be accomplished if a sufficient faculty and an able faculty is available. During these two biennia, about 100 faculty each year have been added. The most desirable student-faculty ratios would generate 315 faculty per biennia as being essential, so the University is behind insofar as the most desirable ratio for attaining the best educational programs is concerned. Part of this budget request for 1968-70 is to maintain our present ratios and to improve them somewhat.

The quality of the faculty relates, of course, to the ability to be competitive. The University salary level in these two biennia has risen from last position among the 11 benchmark institutions which surround this state and which have comparable missions to a median position, a more competitive position. The addition of the TIAA funded retirement system for faculty and the appointment on a ten-months' basis have been factors enabling recruitment of the ablest faculty.

In the area of physical facilities, during these four years there have been added some 963,000 square feet, including a new Commerce Building, an addition to the Engineering facilities, a new Education Building (named after Frank Dickey), a new College of Law, the Agricultural Science Center, the new dormitory complex and, under construction now, the classroom-office building which will help meet the non-science needs of the College of Arts and Sciences.

Another very significant development in these four years has been the movement of the University into the area of seeking private gifts. To assist in obtaining extramural support, the Board of Trustees authorized the establishment of a Development Council made up of some twenty persons, including trustees of the University and other leading business executives, both alumni and non-alumni, from Kentucky and other states. Since 1965 the University has received \$3.5 million in gift commitments with \$2.386 million received since the Development Council was organized. The Council recommended the inauguration of the University of Kentucky Fellows program for people who provide gifts over a ten-year period of \$10,000 and more. Already there are thirty-two University of Kentucky Fellows that have made commitments, some life-time, some deferred, of over \$2.2 million. These funds are for the most part earmarked for specific

programs of interest to the donors and provide for enrichment of existing programs. This has been a most significant development.

In concluding his stewardship report, Dr. Oswald said with the funds that have been afforded to the University from the state and from its own sources, keeping in mind that the University total budget is supported to the extent of around 57 percent from state funds and 43 percent from other funds (student fees, gifts, grants, and many others), the University has accomplished much not only in meeting the quantitative demands but in developing qualitative programs needed for the economic development of the state.

Dr. Oswald read the following statement from the transmittal letter accompanying the budget document:

"However, if these programs are to have a lasting impact, the momentum created during this period must be encouraged. The University must continue its pursuits of effective teaching, significant and revelant research, and meaningful public service. The biennial request which is herewith submitted is a financial expression of programs which are designed to meet those needs.

"This request takes into consideration the continued growth of the student body of the University. The request is designed to provide for those students with sufficient faculty, space for classrooms and offices, equipment and operating expenses. The quality of the educational program provided to these students is of utmost importance; therefore, the University will be seeking the best qualified faculty and staff to accomplish these objectives.

"As the University and the State move through more complex and demanding times, the need for persons trained in the professions and the graduate programs becomes more acute. The University is striving to meet this need with provision for more students in these essential program areas. In this respect, as in many others, a strong University is essential to a strong growing State.

"The University has grown rapidly over the past four years. The experience in recruiting faculty during this period has created an awareness of limitations on the number of faculty which can reasonably be added during a given period. The interval between the recruitment of a faculty member and the effective date of his appointment may run as much as a year or longer, and the interval between the approval of the 1968-70 budget for the University and the beginning of the school year will be a considerably shorter period. The request for the 1968-70 biennium is based upon this experience as well as upon assessment of available physical facilities to provide office and research space for

new faculty. Thus, the requested faculty positions are less than the numbers required to bring the University to the student-faculty ratios adopted as an objective by the Council on Public Higher Education. The University has not lost sight of that objective and will continue to seek that end in future years. The faculty positions requested do correspond to the requirements for the predicted enrollment increase in students.

"This request is based upon the premise that a budget is basically a financial expression of the educational programs; and, as such, represents a unified statement of those programs. The University has indicated that support which it can reasonably provide on its own, and that part which is fairly an obligation of the Commonwealth."

In commenting on the budget request generally, Dr. Oswald said it anticipates an 11 percent increase in students over the next-biennium--approximately 5.5 percent per year, or a growth at Lexington of 1,405 students. It projects a 21 percent increase in Community College enrollments over the next biennium or approximately 10 percent, 10.5 percent each year. It requests 123 new faculty positions over the biennium for the Division of Colleges on the Lexington campus and 48 new positions in the Medical Center. This is 101 less than the number generated by the Council on Public Higher Education formula. The request is based on an assessment of facilities available and the limited time for recruitment, not on what is the most desirable from the standpoint of formula. It also involves the request for 123 new positions in the Community Colleges over the next biennium to maintain and strengthen the present colleges and staff the new colleges.

Salary increases requested will permit the University to maintain the median competitive position already achieved with the benchmark institutions.

New programs included are a School of Natural Resources, which would have as its first unit a four-year forestry program; undergraduate and graduate programs in the area of social work; the admission of the Paducah Junior College into the Community College System; the development of a master's program in Nursing; programs in occupational therapy and in medical-record librarianship; the strengthening of the research programs of the Agricultural Experiment Station; upgrading of the library program; money for rising costs, for keeping salaries as competitive as possible and for maintenance of the physical plant.

Dr. Oswald said he had tried to put the budget presentation in the perspective of the use of monies received over the past four years and the progress which has been made. In spite of certain limitations, he expressed the feeling that the state of the University as far as progress made from funds received was good.

He concluded his presentation by saying he would be pleased to answer any

questions members of the Board or press might wish to ask. Dr. Denham complimented him on the excellent report of the progress which the University has made during the past four years and Dr. Angelucci suggested that consideration should be given to the preparation of a stewardship report each year, so that the people of the Commonwealth might be kept better informed not only of how their tax money is being used but of the new programs which are being developed, the impact of which may not be felt for three or four years.

Since there were no further questions, or comments, Dr. Albright was asked to comment specifically on the various parts of the budget document. He complimented Dr. Don Clapp and Mr. Ed Carter for their able assistance in the preparation of the document and said that in the preparation of a budget request there were two focal points to be considered-- the quantitative requirements that must be accommodated and the qualitative goals to be met through the provision of resources.

Before outlining the various steps used in arriving at the money needed to satisfy both the quantitative and qualitative requirements, Dr. Albright commented that according to all indices available, the University of Kentucky has the best student body in its history. The undergraduate student body is significantly above the national average of 50 major universities in the country and there has been a corresponding improvement in the student body at the graduate level.

Under the budget format established by the Council on Public Higher Education, the first step in the budget preparation is the determination of full-time equivalent students. With those numbers as a base, the next step is to determine how many faculty are required in relationship to this full-time student body using an established formula. The third step is to determine what the objective is with reference to competition. In order to maintain its present median position with the 11 bench mark institutions, the University must increase salaries 7.4 percent in the first year of the biennium and 6 percent in the second year. To achieve a more competitive position with sister institutions an increase in excess of 7 percent would be required in the second year of the biennium. The percentage increase (5 percent) requested for current expenses is arrived at through the application of two general premises: (1) increasing costs of materials; and (2) additional monetary amounts required as a result of additions to faculty and staff. Increases for equipment and replacement are based on a justification of program requirements.

After completing these steps and obtaining the necessary information, it is relatively simple to take the current year base, make the necessary calculations and arrive at the amount of increase to be requested. Although this base is important and is not ignored, the University for the past several years has not started its budget construction at that point but rather has gone to what is referred to as program budgeting. Each unit of the University is asked to submit for consideration the kind of program it proposes to pursue, develop, or maintain; how it proposes to reach those objectives; and how it proposes to assess progress at

the end of a year, two years, and continuing. Therefore, the important base in the University's budget is not the figure, it is the program.

With this background, Dr. Albright then called attention to the summary of income and expenditure based on the format established by the Council on Public Higher Education. Under this format, the University's request for 1968-69 would be \$88,274,400 and for 1969-70, \$98,870,900; however, under program budgeting the actual request of the institution for the biennium is \$86,772,900 for 1968-69 and \$97,356,600 for 1969-70. There are several reasons for the difference in the request and the format-generated amount. Simply stated, they are (1) the University does not have adequate housing to accommodate the number of faculty that would be generated under the format; and (2) the interval between the legislative session, when the budget request is acted upon, and the first of July does not allow adequate time for recruiting the numbers generated by the format.

In discussing income estimates for the biennium, Dr. Albright pointed out that the first step in arriving at the amount of state appropriated money to be requested is the determination of income to be realized from other sources. This amounted to \$3,949,800 for 1968-69 and \$3,169,800 for 1969-70, leaving \$5,536,700 in 1968-69 and \$7,413,900 in 1969-70 to be requested from state appropriations. He noted that the primary increases in the University's income would be realized from student fees, federal appropriations, gifts and grants, and hospital income. He emphasized that the increased amount anticipated from student fees resulted from increases in enrollment and not from any projected increase in fees.

In estimating expenditures by function and location the greatest increases were anticipated in the areas of instruction, organized research, extension and public service, and the hospital. Dr. Albright explained these increases are based on preliminary discussions relative to the quantitative and qualitative needs of the institution if it is to maintain its present programs and to develop the new programs mentioned earlier by Dr. Oswald; however, he felt the anticipated increases included for staff benefits and general administration should be explained in greater detail. In the area of staff benefits, the increase results from two primary causes: (1) the projected increases in social security benefits, and (2) the increase in the University's share in retirement benefits resulting from the increased size of the faculty and higher rates of pay. The increase in General Administration expenditures of \$400,000 is to cover the cost of maintenance and operation of the new classroom-office building when it is completed.

Dr. Albright called attention to supporting and graphic information contained in the budget document and concluded his presentation with a brief mention of the proposed budgets for the affiliated corporations of the University which appear at the end of the document.

Dr. Angelucci thanked Dr. Albright for his most helpful presentation, complimented him and his staff on the clarity of the document and asked members of the press if they wished to ask any questions. There being no questions, Dr. Angelucci reminded those present that the Board of Trustees had delegated to the

Executive Committee the specific responsibility for reviewing and approving the budget request of the University of Kentucky for the 1968-70 biennium prior to its submission to the Council on Public Higher Education. He noted that copies of the budget had been in the hands of the members of the Executive Committee for several days prior to the meeting and, therefore, they had each had an opportunity to study it in detail.

Mr. Hillenmeyer made the following motion: that the Executive Committee, acting with specific delegation from the Board of Trustees, approve the 1968-70 Biennial Budget Request of the University of Kentucky, for transmission to the Council on Public Higher Education for its consideration and recommendations and further transmission to the Governor through the Department of Finance. The motion was seconded by Dr. Denham, concurred in by Mr. Cooper and so ordered by Dr. Angelucci.

D. Meeting Recessed

The chairman noted that the time was 11:15 o'clock and that the designated time for the submission of proposals from prospective bidders for the \$31,400,000 Revenue Bond Anticipation Notes was not until 11:30 a.m. He, therefore, called for a motion to recess until 11:30 o'clock, which was duly made, seconded and carried.

E. Meeting Reconvened

The hour of 11:30 a.m. having arrived, after recess, all members of the Executive Committee present at the commencement of the meeting being again present, the Chairman explained that it was in order for the Executive Committee to consider and take action upon the matter of authorizing \$4,393,000 Consolidated Educational Buildings Revenue Bonds, Series C, and \$29,250,000 Consolidated Educational Buildings Revenue Bonds, Series D, of the Board of Trustees and also certain Revenue Bond Anticipation Notes for the purpose of providing interim funds for construction purposes until such time as said Bonds are issued. In this connection, the Chairman reminded the members of the Executive Committee that at a meeting held on January 20, 1967, the Board of Trustees adopted an extensive resolution authorizing the undertaking and financing of a substantial building program comprising buildings and appurtenant facilities for educational purposes which, when completed, will be parts of the Board's Consolidated Educational Buildings Project as established by a certain Resolution which the Board adopted on September 20, 1960, and pursuant to which the Board has heretofore issued its \$8,000,000 Consolidated Educational Buildings Revenue Bonds, Series A, and its \$7,500,000 Consolidated Educational Buildings Revenue Bonds, Series B. He reminded the Committee that the various projects comprising the building program referred to were described and identified in certain Schedules which were attached to the Resolution of January 20, 1967, that these Schedules have been revised and amended by the Board from time to time, and that those projects to be undertaken

and financed at this time were made final in revised Schedules which were approved by the Board of Trustees at its meeting of November 10, 1967.

The Chairman also reminded the members of the Executive Committee that in the Resolution which the Board adopted on January 20, 1967, it was foreseen that action might become necessary and proper at a time when the full Board of Trustees was not scheduled to meet and possibly could not be conveniently called in special session, with the result that all necessary powers to act were specifically delegated to and vested in the Executive Committee, including the power and authority to authorize the proposed Revenue Bonds, Series C and Series D, and to authorize and issue Revenue Bond Anticipation Notes according to authority of Section 56.513 of the Kentucky Revised Statutes.

After this introduction and explanation, the Chairman invited Robert F. Kerley, Vice President for Business Affairs and Treasurer of the University, to take the floor and explain recent developments and the proceedings to be considered by the Executive Committee at this time.

Mr. Kerley then explained that the University has entered into a Loan Agreement with the United States Department of Health, Education and Welfare ("HEW") under which HEW is committed to lend to the Board \$4,393,000 to be applied to the costs of the new classroom, faculty and administration office building for the College of Arts and Sciences, presently under construction adjacent to the Administration Building, with necessary equipment, utilities and site improvements, the loan to bear interest at the rate of 3% per annum. HEW is willing to purchase and receive as evidence of said loan \$4,393,000 principal amount of the Board's Consolidated Educational Buildings Revenue Bonds, Series C. However, according to standing policies and practices, HEW is unwilling to purchase such Bonds until the building in question is approximately 80% complete, and it is not anticipated that this degree of completion will be reached until the Fall of 1968. Meanwhile the building is under construction and other projects which have been designated by the Board of Trustees for construction and financing are either under way or ready to be placed under contracts, with the result that it is necessary to obtain interim funds for the payment of construction costs at this time. In contemplation of this sort of difficult timing situation, the General Assembly of the Commonwealth at its Regular Session of 1966, adopted certain legislation which now appears as Section 56.513 of the Kentucky Revised Statutes, authorizing the issuance (with the approval of the State Property and Buildings Commission) of Revenue Bond Anticipation Notes which will be short term obligations which will not constitute indebtedness of the Board, the University, or the Commonwealth, but will be payable as to both principal and interest either from the proceeds of the Revenue Bonds, when issued, or from renewal notes of the same character, or from sources of revenue which are related to the Consolidated Educational Buildings Project. He reported that in consultation with the Commissioner of Finance of Kentucky and the Fiscal Agents employed to advise the Board and the University in connection with this financing, it had been determined that the aggregate costs would require issuance not only of the \$4,393,000 Consolidated Educational Buildings Revenue Bonds, Series C, but

also of \$29,250,000 of Consolidated Educational Buildings Revenue Bonds, Series D. In order to make the interim financing possible under the legislation referred to, it is necessary that the Executive Committee, acting for the Board, first authorize the Revenue Bonds, Series C and Series D, and thereafter authorize and provide for the issuance of the Revenue Bond Anticipation Notes. After reviewing cash requirements, and in consultation with the Commissioner of Finance and the Fiscal Agents, it had been determined that Revenue Bond Anticipation Notes should be offered for sale in the principal amount of \$31,400,000, all to mature on December 13, 1968, and to bear such rate or rates of interest as may be determined by the Executive Committee upon receipt and consideration of purchase proposals, the right being reserved to sell and issue less than the full authorized amount of the Revenue Bond Anticipation Notes if acceptable purchase proposals should fail to aggregate the full authorized amount.

He reported to the Executive Committee that the above-mentioned legislation requires the solicitation of purchase proposals from at least three responsible lenders, and that such solicitation had been made on behalf of the State Property and Buildings Commission and the Board of Trustees by the Commissioner of Finance, with the assistance of the Fiscal Agents and Bond Counsel. The result of these solicitations was a determination that the Executive Committee would receive, consider and act upon proposals for the purchase of the Revenue Bond Anticipation Notes, in blocks of not less than \$5,000,000 each (or in smaller blocks to the extent necessary or desirable in order to effect the sale of as many of the Notes as possible), and otherwise as furnished to each of the responsible lenders so solicited by the Commissioner of Finance; the proposals to be received and submitted to the Executive Committee at this time and place.

Mr. Kerley then reported that in anticipation of the necessity to act at this time he had joined with the Commissioner of Finance, the Fiscal Agents and Bond Counsel in causing to be prepared in mimeographed form an appropriate resolution authorizing the issuance of the Revenue Bonds, authorizing the issuance of the Revenue Bond Anticipation Notes, and setting forth all the necessary and customary details. With the permission of the Chairman, he distributed copies of the aforesaid resolution to the members of the Executive Committee, made a comprehensive explanation of the substance thereof, represented that certain proposals for the purchase of Revenue Bond Anticipation Notes were available for consideration and asked the pleasure of the Executive Committee.

Mr. Kerley reported that at a meeting held on November 15, 1967, the State Property and Buildings Commission had authorized the issuance of the Revenue Bonds, Series C and Series D, the issuance of the Revenue Bond Anticipation Notes, and sale of the Notes by the Executive Committee of the Board. He reminded the Members of the Committee that the recommended action had previously been intended to be submitted at the special meeting of the Executive Committee which was held on November 20, 1967, but that the Committee, on recommendation of Mr. Kerley and the Fiscal Agents, had voted to postpone consideration by reason of announcements made on November 19 of the devaluation of the pound sterling and the Federal Reserve Board's increase in the rediscount rate.

Full discussion followed and thereafter Executive Committee Member Dr. Denham introduced, caused to be read and moved immediate adoption of the proposed resolution, as follows:

(Series C and Series D
Resolution)

A RESOLUTION AUTHORIZING THE ISSUANCE OF \$4,393,000 CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES C, AND \$29,250,000 CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES D, OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

AND

IN ANTICIPATION OF THE ISSUANCE OF SAID BONDS, AUTHORIZING THE ISSUANCE, JOINTLY WITH THE STATE PROPERTY AND BUILDINGS COMMISSION OF KENTUCKY, AND SUBJECT TO THE APPROVAL AND CONCURRENCE OF SAID COMMISSION, OF REVENUE BOND ANTICIPATION NOTES IN THE MANNER AUTHORIZED BY KRS 56.513, THE SAME TO BE PAYABLE (A) AS TO PRINCIPAL SOLELY FROM THE PROCEEDS OF THE CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES C AND SERIES D, HEREIN AUTHORIZED, WHEN SAID BONDS ARE SOLD AND DELIVERED (OR FROM THE PROCEEDS OF RENEWAL NOTES), AND (B) AS TO INTEREST FROM THE SOURCES HEREIN PROVIDED THEREFOR; AND REQUESTING APPROVAL AND CONCURRENCE OF THE SAID COMMISSION.

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

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

adopted September 20, 1960 (hereinafter referred to as the "Resolution") has created and established an issue of Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky (the "Bonds"); and

(UK Consol; Series C
& Series D)

WHEREAS, the Resolution authorizes the issuance by said Board of said Bonds in one or more Series pursuant to a resolution authorizing such Series; and by a certain resolution adopted on September 20, 1960 (the "Series A Resolution") said Board authorized the issuance of the initial Series, being \$8,000,000 "Consolidated Educational Buildings Revenue Bonds, Series A," dated November 1, 1960 (the "Series A Bonds"), and the same were thereafter sold and delivered; and by a certain resolution adopted April 26, 1963 (the "Series B Resolution") said Board authorized the issuance of \$7,500,000 of such Bonds, Series B, dated May 1, 1963, and the same were thereafter sold and delivered; and at the time of adoption of this resolution authorizing issuance of the Series C Bonds and Series D Bonds there remain outstanding and unpaid such Series A Bonds in the amount of \$6,725,000, and such Series B Bonds in the amount of \$6,905,000, without default, and without deficiency in amounts required by the Resolution and the Series A Resolution and the Series B Resolution to be paid into the "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund"); and

WHEREAS, the Board has determined that it is in the best interests of the Board to undertake the erection, reconstruction or completion of educational buildings with necessary utility and other appurtenances, all of which will become and constitute parts of the Consolidated Educational Buildings Project; at an aggregate estimated cost (including payments to contractors, the fees of architects and engineers and other necessary incidental costs, an adequate allowance for unforeseen contingencies, etc.) of \$35,402,914; and the Board proposes to provide such aggregate sum from the following sources:

- (a) a sum estimated to be \$1,759,914 from the proceeds of various grants from an agency of the United States Government,
- (b) the sum of \$4,393,000 to be obtained pursuant to a Loan Agreement with the United States Department of Health, Education and Welfare (such amount to be represented by the Series C Bonds hereinafter authorized and which are in due course to be offered at public sale subject to the terms and conditions of said Loan Agreement); and
- (c) the remainder from the net proceeds of the Series D Bonds hereinafter authorized (taking into account the discount hereinafter allowed for purchase bids relating thereto) which are to be offered at public sale without any purchase guarantee from any governmental agency; and

WHEREAS, it has been ascertained that the average of the annual Revenues from the Consolidated Educational Buildings Project (the "Project"), for the two Fiscal Years immediately preceding the proposed issuance of the Series C Bonds and the Series D Bonds, as adjusted in the authorized manner, was equal to more than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges (a defined term), in any succeeding twelve-month period ending May 1, on the Series A Bonds, the Series B Bonds, and the Series C Bonds and Series D

(UK Consol; Series C
& Series D)

Bonds, hereinafter authorized (it being arbitrarily assumed for the purpose of such computation that the Series C Bonds, when sold and issued, will bear interest at a rate or rates not exceeding an average of 3% per annum as provided in said HEW Loan Agreement; and that the Series D Bonds, when sold and issued, will bear interest at the maximum statutory rate of 6% per annum), and a statement to that effect will be filed with the Trustee by the Treasurer of said Board prior to the time of issuance of the Series C Bonds and the Series D Bonds, and prior to the issuance of the Revenue Bond Anticipation Notes hereinafter authorized, thereby complying with the conditions and restrictions set forth in Section 7.10 of the Resolution permitting the issuance of Bonds ranking on a basis of parity and equality with the Series A Bonds and the Series B Bonds as to security and source of payment, and in all other respects; and

WHEREAS, according to the terms and provisions of KRS 56.513 (Chapter 137, Acts of the General Assembly, Regular Session of 1966), the Board of the University is authorized, with the approval and sanction of the State Property and Buildings Commission of Kentucky (the "Commission"), to obtain interim financing through the issuance of Revenue Bond Anticipation Notes (the "Notes"); and said Commission has determined that such Notes shall be issued jointly by the Board of the University and the Commission, each making commitments and representations within its own proper areas of responsibility, all as provided in PART TWO of this Series C and Series D Resolution; and

WHEREAS, the Board of the University has adopted certain resolutions determining that a need exists for undertaking, among other things, the construction of new buildings and the substantial reconstruction, enlargement or completion of existing buildings at the Main Campus of the University at Lexington, Kentucky, all of which, when completed, will constitute parts of the Consolidated Educational Buildings Project (or continue to constitute parts thereof in the cases of buildings to be substantially reconstructed, enlarged or completed), and that the same should be financed from time to time (to the extent funds are not otherwise available and provided) through the issuance of one or more Series of the Board's Consolidated Educational Buildings Revenue Bonds, (and, as appropriate, through interim financing under authority of KRS 56.513, as hereinafter provided); and copies of said resolutions, together with certain descriptive Schedules attached to, referred to in, and constituting parts thereof, have been filed with and approved in principle by the Commission, and the same include reference to all of the buildings and appurtenant facilities which are hereinafter authorized to be financed in whole or in part through the issuance of the Consolidated Educational Buildings Revenue Bonds, Series C and Series D, hereinafter authorized; and

WHEREAS, the Board has heretofore authorized its statutory Executive Committee to take all necessary action,

NOW, THEREFORE, the Executive Committee of the Board of Trustees of the University of Kentucky hereby resolves, as follows:

(UK Consol; Series C
& Series D)(Revised)

PART ONE

AUTHORIZATION OF THE SERIES C BONDS AND THE SERIES D
BONDS; PUBLIC SALE; DISPOSITION OF PROCEEDS

ARTICLE I - Definitions and Authority.

Section 1.01. This resolution (hereinafter referred to as the "Series C and Series D Resolution") is adopted in accordance with Article II, Section 2.03, of the Resolution.

Section 1.02.

(A) All terms which are defined in Article I of the Resolution shall have the same meanings, respectively, in this Series C and Series D Resolution as such terms are given in said Article of the Resolution.

(B) In this Series C and Series D Resolution, Series C Bonds and Series D Bonds shall mean the Bonds authorized by Article II of this Series C and Series D Resolution.

Section 1.03. This Series C and Series D Resolution is adopted pursuant to the provisions of Section 162.340, et seq., of the Kentucky Revised Statutes and the Resolution.

ARTICLE II - Authorization of Series C Bonds and Series D Bonds.

Section 2.01. Pursuant to the provisions of the Resolution there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, a series of Bonds in the aggregate principal amount of Four Million Three Hundred Ninety-three Thousand Dollars (\$4,393,000). Such Bonds shall be designated as "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series C." Said Series C Bonds are hereby declared to have been authorized under the Resolution and in conformity with the provisions of Section 7.10 of the Resolution. The Board hereby represents that the conditions prescribed in Section 7.10 of the Resolution will have been complied with before the time of the issuance of the Series C Bonds, and prior to the time of issuance of any of the Revenue Bond Anticipation Notes which are authorized in PART TWO of this Series C and Series D Resolution; and that the Series C Bonds are issued on a basis of parity with the Series A Bonds, the Series B Bonds, and the Series D Bonds hereinafter authorized.

Section 2.02. Said Series C Bonds are being issued for the purpose of paying the costs (to the extent not otherwise provided) of erecting and completing a new educational building with necessary appurtenances upon the property of the University in Fayette County, Kentucky, consisting of a new classroom, faculty and administration office building for the College of Arts and Sciences, necessary

(UK Consol; Series C
& Series D)

equipment, utilities and site improvements, which, when erected and completed will become and constitute a part of the Consolidated Educational Buildings Project of said University.

Section 2.03. The Series C Bonds shall be dated November 1, 1967, and bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 1968, at a coupon rate or coupon rates such that the average net interest cost to the Board will not exceed three per cent (3%) per annum, as provided in the said Loan Agreement with the United States Department of Health, Education and Welfare, the exact rate or rates of interest for said Series C Bonds to be fixed as a result of advertised sale and competitive bidding for said Series C Bonds, as hereinafter provided. Said Series C Bonds shall be numbered and scheduled to become due and payable in numerical order on May 1 of the respective years, as follows:

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1	\$ 1,000)	May 1, 1969)
2	1,000)	May 1, 1969)
3	1,000)	May 1, 1969)
4-23	100,000)	May 1, 1969)
24-44	105,000	May 1, 1970
45-66	110,000	May 1, 1971
67-88	110,000	May 1, 1972
89-111	115,000	May 1, 1973
112-135	120,000	May 1, 1974
136-160	125,000	May 1, 1975
161-185	125,000	May 1, 1976
186-211	130,000	May 1, 1977
212-238	135,000	May 1, 1978
239-266	140,000	May 1, 1979
267-294	140,000	May 1, 1980
295-323	145,000	May 1, 1981
324-353	150,000	May 1, 1982
354-384	155,000	May 1, 1983
385-416	160,000	May 1, 1984
417-449	165,000	May 1, 1985
450-483	170,000	May 1, 1986
484-518	175,000	May 1, 1987
519-554	180,000	May 1, 1988
555-591	185,000	May 1, 1989
592-629	190,000	May 1, 1990
630-668	195,000	May 1, 1991
669-708	200,000	May 1, 1992
709-749	205,000	May 1, 1993
750-792	215,000	May 1, 1994
793-836	220,000	May 1, 1995
837-881	225,000	May 1, 1996

(UK Consol; Series C & Series D)

Section 2.04. Said Series C Bonds shall be issued in coupon form, and shall be registrable as to principal only. Said Series C Bonds Nos. 1, 2 and 3 shall be in the denomination of \$1,000.00; and said Series C Bonds numbered 4 and upwards shall be in the denomination of \$5,000.00.

Section 2.05. Pursuant to the provisions of the Resolution there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, a series of Bonds in the aggregate principal amount of Twenty-nine Million Two Hundred Fifty Thousand Dollars (\$29,250,000.00). Such Bonds shall be designated as "University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series D." Said Series D Bonds are hereby declared to have been authorized under the Resolution and in conformity with the provisions of Section 7.10 of the Resolution. The Board hereby represents that the conditions prescribed in Section 7.10 of the Resolution will have been complied with prior to the time of the issuance of the Series D Bonds, and prior to the issuance of the Revenue Bond Anticipation Notes hereinafter authorized, and that the Series D Bonds are issued on a basis of parity with the Series A Bonds, the Series B Bonds and the Series C Bonds.

Section 2.06. Said Series D Bonds are being issued for the purpose of paying the costs (to the extent not otherwise provided) of erecting and completing educational buildings with necessary appurtenances upon the property of the University in Fayette County, Kentucky, consisting of the aforesaid new classroom, faculty and administration office building for the College of Arts and Sciences (referred to in Section 2.02 hereof); a new laboratory-office building for the Agricultural Sciences program; three parking buildings to provide approximately 2000 parking spaces required as appurtenances to the heart of the Academic Campus and the Medical Center; three new buildings to provide office, laboratory and studio space and facilities suitable for use in expanding programs of the Colleges of Arts and Sciences, Fine Arts, Medicine, Pharmacy and Engineering; complete interior reconstruction of Memorial Hall; substantial interior reconstruction of a portion of the Library Service Building to accommodate the central accounting, purchasing and personnel functions of the University, and in part to accommodate the University's Physical Development Division; and substantial appurtenant facilities which are made necessary by the expansion of the Consolidated Educational Buildings Project at the Main Campus of the University in Fayette County, Kentucky, consisting principally of (a) a cooling plant and chilled water distribution system to provide a central source and distribution system for air-conditioning in a certain area of the Main Campus, to supersede window air-conditioning units and other inefficient present installations, (b) an expansion of the recently completed chilled water plant in the area of the Medical and Agricultural Science Centers, (c) replacement of the present obsolete and overloaded electrical distribution system which serves the central part of the Main Campus, (d) substantial reconstruction of the present steam distribution system and addition of auxiliary equipment to existing heating plants, (e) certain outdoor facilities appurtenant to the physical education program, necessary to replace similar facilities on the sites of academic buildings which are under construction or are planned for the immediate future, (f) surfacing of an

(UK Consol; Series C
& Series D)

access roadway to provide ingress and egress for the southern area of the Main Campus, including the Medical Center and two of the new parking buildings, hereinabove referred to, (g) surfacing of a parking area to accommodate approximately 750 motor vehicles, necessary to serve the physical education and recreation complex, (h) construction and installation of a pedestrian mall and related lighting facilities urgently needed for access and security purposes, and (i) surfacing of such roadways in the area of the Medical Center and Agricultural Science Center as are urgently required by reason of the aforesaid expansion of the Consolidated Educational Buildings Project, all of which, when erected and completed, will become and constitute parts of the Consolidated Educational Buildings Project of said University.

Section 2.07. The Series D Bonds shall be dated November 1, 1967, and bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 1968, at a coupon rate or coupon rates not exceeding the statutory maximum of six per cent (6%) per annum, the exact rate or rates of interest for said Series D Bonds to be fixed as a result of advertised sale and competitive bidding for said Series D Bonds, as hereinafter provided. Said Series D Bonds shall be numbered and scheduled to become due and payable in numerical order on May 1 of the respective years, as follows:

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1-51	\$ 255,000	May 1, 1970
52-105	270,000	May 1, 1971
106-162	285,000	May 1, 1972
163-221	295,000	May 1, 1973
222-283	310,000	May 1, 1974
284-348	325,000	May 1, 1975
349-416	340,000	May 1, 1976
417-487	355,000	May 1, 1977
488-561	370,000	May 1, 1978
562-639	390,000	May 1, 1979
640-721	410,000	May 1, 1980
722-806	425,000	May 1, 1981
807-895	445,000	May 1, 1982
896-989	470,000	May 1, 1983
990-1087	490,000	May 1, 1984
1088-1190	515,000	May 1, 1985
1191-1298	540,000	May 1, 1986
1299-1411	565,000	May 1, 1987
1412-1529	590,000	May 1, 1988
1530-1652	615,000	May 1, 1989
1653-1781	645,000	May 1, 1990
1782-1916	675,000	May 1, 1991
1917-2058	710,000	May 1, 1992

(UK Consol; Series C
& Series D)

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
2059-2207	\$ 745,000	May 1, 1993
2208-2362	775,000	May 1, 1994
2363-2525	815,000	May 1, 1995
2526-2695	850,000	May 1, 1996
2696-2920	1,125,000	May 1, 1997
2921-3156	1,180,000	May 1, 1998
3157-3403	1,235,000	May 1, 1999
3404-3662	1,295,000	May 1, 2000
3663-3933	1,355,000	May 1, 2001
3934-4217	1,420,000	May 1, 2002
4218-4514	1,485,000	May 1, 2003
4515-4825	1,555,000	May 1, 2004
4826-5150	1,625,000	May 1, 2005
5151-5491	1,705,000	May 1, 2006
5492-5850	1,795,000	May 1, 2007

Section 2.08. Said Series D Bonds shall be issued in coupon form, in the denomination of \$5,000.00, and shall be registrable as to principal only.

Section 2.09. The principal of and interest on said Series C Bonds shall be payable in any coin or currency which at the time of the payment thereof shall be legal tender for the payment of debts due the United States of America; and the principal of and interest on said Series D Bonds shall be payable in any coin or currency of the United States of America which at the time of payment thereof is legal tender for the payment of public and private debts at the principal office of First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky (or successor Trustee appointed pursuant to the provisions of the Resolution), or at the option of the holders of the respective Series C Bonds and Series D Bonds and coupons at the principal office of Chemical Bank New York Trust Company, in the City of New York, New York, which were in the Series A Resolution appointed Paying Agents for the Bonds, subsequently confirmed in the Series B Resolution, and are hereby confirmed as the Paying Agents for the Series C Bonds and the Series D Bonds.

Section 2.10. The Series C Bonds maturing May 1, 1981, and thereafter (being the Series C Bonds numbered 295 and upwards), shall be subject to redemption by the Board in whole or from time to time in part in the inverse order of their respective maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1980, at the redemption prices, expressed in percentages of principal amount with respect to each Bond, as set forth below, plus in each case accrued interest to the date of redemption:

(UK Consol; Series C
& Series D)

<u>If Redeemed</u>	<u>Redemption Price</u>
On and after May 1, 1980, and prior to May 1, 1985	103%
On and after May 1, 1985, and prior to May 1, 1990	102%
On and after May 1, 1990, and prior to May 1, 1995	101%
On and after May 1, 1995, but prior to final maturity	100%.

The Series D Bonds maturing May 1, 1981, and thereafter (being the Series D Bonds number 722 and upwards), shall be subject to redemption by the Board in whole or from time to time in part in the inverse order of their respective maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1980, at the redemption prices, expressed in percentages of principal amount with respect to each Bond, as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed</u>	<u>Redemption Price</u>
On and after May 1, 1980, and prior to May 1, 1985	103%
On and after May 1, 1985, and prior to May 1, 1990	102%
On and after May 1, 1990, and prior to May 1, 1995	101%
On and after May 1, 1995, and prior to May 1, 2000	100-1/2%
On and after May 1, 2000, and prior to final maturity	100%.

Section 2. 11. Said Series C Bonds and Series D Bonds shall be executed on behalf of said Board with the reproduced facsimile signature of the Chairman of the Board and attested by the manual signature of the Secretary of the Board, and the facsimile of the corporate seal of said Board shall be imprinted thereon. Interest on said Series C Bonds and Series D Bonds falling due on and prior to maturity shall be represented by appropriate interest coupons to be attached to each of said Bonds, which coupons shall be executed with the facsimile of the official signatures of said Chairman and said Secretary.

Section 2. 12. For the purpose of securing the payment of both the principal of and interest on all the Bonds (Series A Bonds, Series B Bonds, Series C Bonds, Series D Bonds, and any additional parity Bonds which may hereafter be issued and outstanding pursuant to the conditions and restrictions set forth in Section 7. 10 of the Resolution), and to secure for the benefit of all the holders of said Bonds the faithful performance of the covenants and provisions contained in the Resolution in the manner and to the extent as permitted and provided in the Resolution and in Sections 162.340, et seq., of the Kentucky Revised Statutes, First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, was designated in the Series A Resolution as Trustee under the Resolution for the holders of all of said Bonds, and such designation was reaffirmed in the Series B Resolution, and is now again reaffirmed, with the powers and duties set forth in the Resolution and with no liability in connection with any action or omission to act under the Resolution except for its own negligence or willful breach of trust. Execution of the authentication certificate of the Trustee on each of the respective

(UK Consol; Series C
& Series D)

Series C Bonds and Series D Bonds shall conclusively establish the acceptance as to such Series C Bonds and Series D Bonds by the Trustee of the trusts and provisions with respect thereto as set forth in the Resolution.

Section 2.13. The Series C Bonds and coupons and provisions for registration appertaining thereto and the certificate of the Trustee to be endorsed on said Series C Bonds shall be in substantially the following respective forms, to-wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BOND
SERIES C

No. _____ \$ _____

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 _____ Thousand Dollars (\$____,000.00) on the first of May, 19____, and to pay, solely from said special fund, interest thereon from the date hereof until payment of principal at the rate of _____ per cent (____%) per annum, such interest being payable semi-annually on the first days of May and November in each year, commencing May 1, 1968, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity date of this Bond to be paid only upon presentation and surrender of the annexed coupons as they severally mature, both principal and interest being payable in any coin or currency which at the time of the payment thereof is legal tender for the payment of debts due the United States of America, at the principal office of the Trustee, First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, or, at the option of the holder hereof or of the interest coupons hereto appertaining, at the principal office of Chemical Bank New York Trust Company, in the City of New York, New York.

This Bond is one of a duly authorized issue of Bonds designated as "Consolidated Educational Buildings Revenue Bonds" (hereinafter referred to as the "Bonds") issued and to be issued 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, and under and pursuant to the Resolution adopted by the Board of Regents on September 20, 1960 (hereinafter referred to as the "Resolution"), and the

(UK Consol; Series C
& Series D)

Series C and Series D Resolution adopted by the Board of Trustees, acting through its statutory Executive Committee, on November __, 1967.

As provided in the Resolution, the Bonds may be issued from time to time pursuant to separate resolutions in one or more series, in various principal amounts, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is one of a series of Bonds of various maturities designated as "Consolidated Educational Buildings Revenue Bonds, Series C," (herein called the "Series C Bonds") issued in the aggregate amount of \$4,393,000 under the Resolution for the purpose of financing the costs (to the extent not otherwise provided) of erecting and completing an educational building and necessary appurtenances as a part of the Consolidated Educational Buildings Project of said University (hereinafter referred to as the "Project"). Copies of the Resolution, the Series A Resolution, the Series B Resolution, and the Series C and Series D Resolution are on file at the office of the Trustee. Reference is hereby made to the Resolution pursuant to which First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, has been designate as Trustee for the holders of the issue of Bonds of which this Bond is one and for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds; 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 the Resolution. Under authority of the statues 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 Resolution, nothing contained in this Bond or in the Resolution shall affect or impair the negotiability of this Bond.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. The Resolution provides for fixing, charging and collecting fees for the services of said Project, which fees will be sufficient to pay the principal of and the interest on said Bonds as the same become due and to provide reserves for such purposes and also to pay the costs of operation and maintenance of the Project to the extent the same are not otherwise provided. The Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (herein called the "Bond Fund") and for the deposit to the credit of said Bond Fund of a fixed amount of the gross Revenues of said Project to pay interest on the Bonds as the same become due, and to pay or retire the principal of the Bonds at or prior to the maturity thereof, and to provide

a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The issue of Series C Bonds of which this Bond is one, the Series D Bonds simultaneously authorized, and all other Bonds heretofore issued and as may be hereafter issued and outstanding from time to time under the Resolution, are payable only from a fixed amount of the gross Revenues derived from the operation of said Project which will be set aside in said Bond Fund, and 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.

The Series C Bonds maturing May 1, 1981, and thereafter (being the Bonds numbered 295 and upwards) shall be subject to redemption at the option of the Board of Trustees in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1980, at the redemption prices, expressed in percentages of principal amount, with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

<u>If Redeemed</u>	<u>Redemption Price</u>
On and after May 1, 1980, and prior to May 1, 1985	103%
On and after May 1, 1985, and prior to May 1, 1990	102%
On and after May 1, 1990, and prior to May 1, 1995	101%
On and after May 1, 1995, but prior to final maturity	100%

In the event the Board of Trustees shall exercise its option to redeem any of the Series C Bonds of which this Bond is a part, notice of such redemption identifying the Bonds to be redeemed will be given to the Trustee at least forty-five (45) days prior to the specified redemption date and such notice shall be published at least once not less than thirty (30) days prior to the specified redemption date in a newspaper or financial journal of general circulation published in each of the Cities of Louisville, Kentucky, and New York, New York. 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 on the books of said Board of Trustees at the office of the Trustee under the Resolution, and such registration noted hereon, after which no valid transfer hereof shall be effective unless made on said books and similarly endorsed hereon at the written request of the registered holder or his duly authorized representative, but this Bond may be discharged from registration by being in like manner registered to bearer whereupon full negotiability and transferability by delivery shall be restored but may again from time to time be registered as aforesaid. Such registration, however, shall not affect the negotiability of the interest coupons which shall always remain payable to bearer and transferable by delivery merely. The Board of Trustees,

(UK Consol; Series C
& Series D)

the Trustee, and the Paying Agents may 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 making payment and for all other purposes.

A statutory mortgage lien, which is hereby recognized as valid and binding on said Project is created and granted to and in favor of the holder or holders of this Bond and the issue of Bonds of which it is one, and in favor of the holder or holders of the coupons attached thereto, and said Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond and the issue of Bonds of which it is one.

This Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit, under the Resolution, 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 the University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into said Bond Fund for the payment of the principal of and interest on this Bond and the issue of which it is one, and all other bonds which by their terms and the terms of the Resolution are payable from said Bond Fund, as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, attested by the manual signature of its Secretary, and the coupons hereto attached to be executed with the facsimile signature of said Chairman and Secretary, all being done as of the first day of November, 1967.

(Facsimile
of Seal)

ATTEST:

(Manual Signature)
Secretary
Board of Trustees

(Facsimile)
Chairman
Board of Trustees
University of Kentucky

(FORM OF COUPON)

No. _____

\$ _____

On the first day of _____, 19____, *(unless the Bond to which this coupon is attached shall have been duly called for prior redemption and payment of the redemption price duly made or provided for) the Board of Trustees of the University of Kentucky, at Lexington, Kentucky, will pay to bearer _____ Dollars (\$ _____) in any coin or currency which at the time of payment thereof is legal tender for the payment of debts due the United States of America out of its "Consolidated Educational Buildings Projects Bond and Interest Sinking Fund," at the principal office of First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, or, at the option of the holder hereof, at the principal office of Chemical Bank New York Trust Company, in the City of New York, New York, as provided in and for interest then due on its Consolidated Educational Buildings Revenue Bond, Series C, dated November 1, 1967, Number _____.

(Facsimile)

 Chairman
 Board of Trustees
 University of Kentucky

(Facsimile)

 Secretary
 Board of Trustees

(* The phrase in parenthesis should appear only on coupons maturing on and after November 1, 1980, attached to Bonds numbered 295 to 881, inclusive.)

(UK Consol; Series C
 & Series D)

(FORM OF AUTHENTICATION CERTIFICATE)

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

FIRST SECURITY NATIONAL BANK AND
TRUST COMPANY OF LEXINGTON, TRUSTEE

By _____ (Manual Signature)
Authorized Officer

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

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

Section 2. 14. The Series D Bonds and coupons and provisions for registration appertaining thereto and the certificate of the Trustee to be endorsed on said Series D Bonds shall be in substantially the following respective forms, to-wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE BOND
SERIES D

No. _____

\$5,000.00

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 hereof, as hereinafter provided, the sum of Five Thousand Dollars (\$5,000.00) on the first day of May, 19___, and to pay, solely

(UK Consol; Series C
& Series D)

from said special fund, interest thereon from the date hereof until payment of principal at the rate of _____ per cent (_____ %) per annum, such interest being payable semiannually on the first days of May and November in each year, commencing May 1, 1968, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity date of this Bond to be paid only upon presentation and surrender of the annexed coupons as they severally mature, both principal and interest being payable in any coin or currency of the United States of America which at the time of payment thereof is legal tender for the payment of public and private debts, at the principal office of the Trustee, First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, or, at the option of the holder hereof or of the interest coupons hereto appertaining, at the principal office of Chemical Bank New York Trust Company, in the City of New York, New York.

This Bond is one of a duly authorized issue of Bonds designated as "Consolidated Educational Buildings Revenue Bonds" (hereinafter referred to as the "Bonds") issued and to be issued 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, and under and pursuant to the Resolution adopted by the Board of Trustees on September 20, 1960 (hereinafter referred to as the "Resolution"), and the Series C and Series D Resolution adopted by the Board of Trustees, acting through its statutory Executive Committee, on November ____, 1967.

As provided in the Resolution, the Bonds may be issued from time to time pursuant to separate resolutions in one or more series, in various principal amounts, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is one of a series of Bonds of various maturities designated as "Consolidated Educational Buildings Revenue Bonds, Series D," (herein called the "Series D Bonds") issued in the aggregate amount of \$29,250,000 under the Resolution for the purpose of financing the costs (to the extent not otherwise provided) of erecting and completing educational buildings and necessary appurtenances as parts of the Consolidated Educational Buildings Project of said University (hereinafter referred to as the "Project"). Copies of the Resolution, the Series A Resolution, the Series B Resolution, and the Series C and Series D Resolution are on file at the office of the Trustee. Reference is hereby made to the Resolution pursuant to which First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, has been designated as Trustee for the holders of the issue of Bonds of which this Bond is one and for the provisions, among others,

(UK Consol; Series C
& Series D)

with respect to the custody and application of the proceeds of the Bonds; 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 the Resolution. 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 Resolution, nothing contained in this Bond or in the Resolution shall affect or impair the negotiability of this Bond.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. The Resolution provides for fixing, charging and collecting fees for the services of said Project, which fees will be sufficient to pay the principal of and the interest on said Bonds as the same become due and to provide reserves for such purposes and also to pay the costs of operation and maintenance of the Project to the extent the same are not otherwise provided. The Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (herein called the "Bond Fund") and for the deposit to the credit of said Bond Fund of a fixed amount of the gross Revenues of said Project to pay interest on the Bonds as the same become due and to pay or retire the principal of the Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The issue of Series D Bonds of which this Bond is one, the Series C Bonds simultaneously authorized, and all other Bonds heretofore issued and as may be hereafter issued and outstanding from time to time under the Resolution, are payable only from a fixed amount of the gross Revenues derived from the operation of said Project which will be set aside in said Bond Fund, and 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.

The Series D Bonds maturing May 1, 1981, and thereafter (being the Bonds numbered 722 and upwards) shall be subject to redemption at the option of the Board of Trustees in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot), on any interest payment date on or after May 1, 1980, at the redemption prices, expressed in percentages of principal amount, with respect to each Bond as set forth below, plus in each case accrued interest to the date of redemption:

(UK Consol; Series C
& Series D)

<u>If Redeemed</u>	<u>Redemption Price</u>
On and after May 1, 1980, and prior to May 1, 1985	103%
On and after May 1, 1985, and prior to May 1, 1990	102%
On and after May 1, 1990, and prior to May 1, 1995	101%
On and after May 1, 1995, and prior to May 1, 2000	100-1/2%
On and after May 1, 2000, and prior to final maturity	100%.

In the event the Board of Trustees shall exercise its option to redeem any of the Series D Bonds of which this Bond is a part, notice of such redemption identifying the Bonds to be redeemed will be given to the Trustee at least forty-five (45) days prior to the specified redemption date and such notice shall be published at least once not less than thirty (30) days prior to the specified redemption date in a newspaper or financial journal of general circulation published in each of the Cities of Louisville, Kentucky, and New York, New York. 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 on the books of said Board of Trustees at the office of the Trustee under the Resolution, and such registration noted hereon, after which no valid transfer hereof shall be effective unless made on said books and similarly endorsed hereon at the written request of the registered holder or his duly authorized representative, but this Bond may be discharged from registration by being in like manner registered to bearer whereupon full negotiability and transferability by delivery shall be restored but may again from time to time be registered as aforesaid. Such registration, however, shall not affect the negotiability of the interest coupons which shall always remain payable to bearer and transferable by delivery merely. The Board of Trustees, the Trustee, and the Paying Agents may 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 making payment and for all other purposes.

A statutory mortgage lien, which is hereby recognized as valid and binding on said Project is created and granted to and in favor of the holder or holders of this Bond and the issue of Bonds of which it is one, and in favor of the holder or holders of the coupons attached thereto, and said Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond and the issue of Bonds of which it is one.

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

(UK Consol; Series C
& Series D)

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 the University of Kentucky, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into said Bond Fund for the payment of the principal of and interest on this Bond and the issue of which it is one, and all other bonds which by their terms and the terms of the Resolution are payable from said Bond Fund, as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, attested by the manual signature of its Secretary, and the coupons hereto attached to be executed with the facsimile signatures of said Chairman and Secretary, all being done as of the first day of November, 1967.

(Facsimile
of Seal)

(Facsimile)

Chairman
Board of Trustees
University of Kentucky

ATTEST:

(Manual Signature)

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 duly called for prior redemption and payment of the redemption price duly made or provided for) the Board of Trustees of the University of Kentucky, at Lexington, Kentucky, will pay to bearer _____ Dollars (\$ _____) in any coin or currency which at the time of payment thereof is legal tender for the payment of public and private debts out of its "Consolidated Educational Buildings Project Bond and Interest Sinking Fund," at the principal office of First Security National Bank and Trust Company of Lexington, in the City of Lexington, Kentucky, or, at the option of the holder hereof, at the principal office of Chemical Bank New York Trust Company, in the City of New York, New York, as provided in and for interest then due on its Consolidated Educational Buildings Revenue Bond, Series D, dated November 1, 1967, Number _____.

(UK Consol; Series C
& Series D)

(Facsimile)

 Chairman
 Board of Trustees
 University of Kentucky

(Facsimile)

 Secretary
 Board of Trustees

(*The phrase in parenthesis should appear only on coupons maturing on and after November 1, 1980, attached to Bonds numbered 722 to 5850, inclusive.)

(FORM OF AUTHENTICATION CERTIFICATE)

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

FIRST SECURITY NATIONAL BANK AND
 TRUST COMPANY OF LEXINGTON, TRUSTEE

By _____ (Manual Signature)
 Authorized Officer

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

Date of Registration :	Name of Registered Holder	Signature of Authorized Office of Trustee
:	:	:
:	:	:
:	:	:
:	:	:
:	:	:
:	:	:
:	:	:
:	:	:

Section 2.15. The Series C Bonds and the Series D Bonds shall be offered at public sale upon sealed bids which shall be opened and considered by the Board at such times and according to such terms and conditions as the Board or its duly authorized Executive Committee may prescribe, not inconsistent with law and the provisions of this Series C and Series D Resolution. The Secretary of the Board is hereby authorized and directed to cause an appropriate form or forms of a notice of sale of the Series C Bonds and/or Series D Bonds to be published in The Louisville Courier-Journal, a legal newspaper published in the City of Louisville, Kentucky, which will afford state-wide notice of the sale, and in the Daily Bond

(& (UK Consol; Series C
 & Series D)(Revised)

Buyer, a financial journal published in the City of New York, New York, which is a publication having general circulation among bond buyers, and said newspaper and financial journal are hereby declared to be qualified to publish such notices for the Board of Trustees within the meaning and provisions of KRS Chapter 424. Such notices shall be published in said newspaper and financial journal at least once and shall appear not less than seven days nor more than twenty-one days prior to the scheduled date of sale of said respective Series of Bonds. Such notices shall be in the customary form and shall specify that sealed competitive proposals for the purchase of such Series C Bonds and/or Series D Bonds shall be received in each case at a designated place and until some day and hour when the Board, or its duly authorized Executive Committee, will be in session.

The Series C Bonds shall be offered at not less than par and accrued interest, on the basis of consecutive full maturities beginning with the first maturity, at an average net interest cost to the Board not exceeding three per cent (3%) per annum for the Bonds offered to be purchased, and otherwise according to the terms of the Board's Loan Agreement or Loan Agreements with the United States of America.

The Series D Bonds shall be offered as a whole, at par or at a discount, as may be authorized by proceedings of the Board or its Executive Committee, with a maximum coupon rate of six per cent (6%) per annum and at an average net interest cost to the Board not exceeding six per cent (6%) per annum, and otherwise upon such terms and conditions as may be prescribed by the Board or by its duly authorized Executive Committee.

The right to reject any or all bids shall be expressly reserved. On the respective occasions set forth in such notices the Board (or its Executive Committee) shall consider all proposals made pursuant thereto, and if one or more acceptable bids are received, award the Series C Bonds and Series D Bonds in the manner and for the purposes herein provided, established the interest coupon rate or rates which the Series C Bonds and Series D Bonds shall bear, and take all other necessary and proper steps in the sale and issuance of the said Series C Bonds and Series D Bonds.

The Secretary may cause to be prepared multiple copies of one or more statements giving more complete and particular descriptions of the Series C Bonds and of the Series D Bonds, provisions for the security and payment thereof, disposition of bond proceeds and other information that it is not feasible to give within the limits of the published notices, and may furnish copies of such statements to all interested bidders upon request.

The Fiscal Agents shall submit at appropriate times one or more proposed forms of "Notice of Sale of Bonds," one or more proposed separate "Official Bid Forms" for the Series C Bonds and Series D Bonds respectively, and their draft of one or more "Official Statements" for the purpose of providing adequate

(UK Consol; Series C
& Series D)(Revised)

information to prospective bidders, the same to be examined on behalf of the Board by the President and Business Staff of the University, and by them approved prior to the use thereof.

Section 2. 16. It is being anticipated that interim financing will be effected through issuance of "Revenue Bond Anticipation Notes" according to authority of Section 56. 513 of the Kentucky Revised Statutes and as provided in PART TWO of this Series C and Series D Resolution (the "Notes"), it is hereby provided that if such Notes are issued, then upon sale and issuance of the Series C and Series D Bonds, the entire proceeds thereof shall be deposited with the financial institution in the City of New York, New York, which is designated as the place of payment of the Notes (or of any Notes which may be issued in renewal thereof), in escrow, in a special fund or account under whatever designation may at that time be authorized and appear appropriate (herein for convenience called the "Notes Payment Account"), upon such terms and conditions as shall provide that the aggregate amount of the principal of and interest on the Notes shall be payable therefrom, and as a first lien and charge thereon, except to the extent that interest due on the Notes (or renewal Notes) at maturity or upon prior redemption may be paid from moneys set aside for that purpose from the proceeds of the Notes, or from other sources pledged as additional security for the payment of such interest, all as more fully set forth in PART TWO of this Series C and Series D Resolution.

To the extent that the proceeds of the Series C and Series D Bonds, as deposited in the Notes Payment Account, shall be surplus to all requirements for payment of the Notes (or renewal Notes), both principal and interest (and upon taking into consideration moneys which may be available from other sources for payment of interest on the Notes as provided in PART TWO hereof), there shall be transferred from the said Notes Payment Account:

(a) to First Security National Bank and Trust Company of Lexington, in Lexington, Kentucky, as Trustee for the holders of the Bonds, for deposit in the Bond Fund created and established in and by the Resolution which was adopted on September 20, 1960, a sum equal to interest on the Series C and Series D Bonds from November 1, 1967 to November 1, 1969, but subject, however, to a credit for all then past due interest coupons (which are authorized to be cancelled or not manufactured (according to ARTICLE IV, Section 4. 01 hereof); and

(b) the entire remaining balance to the State Treasury of the Commonwealth, for deposit in a special fund or account which is hereby created and established and is designated the "University of Kentucky Consolidated Educational Buildings Project - Bond Proceeds Series C and Series D Construction Account" (for convenience hereinafter referred to simply as the "Construction Account").

From such balance so deposited in the Construction Account there shall be paid to the Fiscal Agents any contractual compensation which may then be due and

(UK Consol; Series C
& Series D)(Revised)

payable, to the extent not previously paid from the proceeds of the Notes. All that thereafter remains in the Construction Account shall be available for application to the costs of the educational buildings and appurtenant facilities for which the Series C and Series D Bonds are authorized.

Additionally, there shall be deposited in said Construction Account, as received from time to time, the total of all grants received by the Board from agencies of the United State Government for account of the buildings, equipment and appurtenant facilities intended to be financed in whole or in part from proceeds of the Series C and Series D Bonds (subject to adjustment upon final audit as hereinafter provided).

The attention of the Commissioner of Finance of the Commonwealth, and of the Treasurer of the Commonwealth, is directed to controlling laws, rules and regulations of the United States with reference to the grants and the loan above referred to, wherein it is contemplated that such grants and such loan may initially be approved upon the basis of estimates of the costs of the various building projects to which the same are applicable; provided, however, that such grants and/or loans are initially calculated and approved on the basis of estimates of such portions of the costs of each respective building undertaking as are initially assumed to be eligible under the controlling laws, rules and regulations, with provision that upon completion of each of such building undertakings there will be an audit of the actual costs thereof by the Agency of the United States Government from which the related grants and/or loans are obtained -- and that if upon such audit it shall be caused to appear that the actual final costs are less than the estimated costs as represented in the Board's application for such grants and/or loans then that the difference (if any) may be subject to adjustments requiring a return thereof to the related United States governmental agency. Accordingly, it is necessary, and is hereby so provided, that in the accounting for the disposition of the moneys in the aforesaid Construction Account the Commissioner of Finance and/or the Treasurer of the Commonwealth, as may be appropriate, shall keep separate records of the costs of each of the individual educational buildings undertakings (with necessary appurtenant facilities), in order that such required auditing may be made. In this connection it is understood and agreed that there is no prohibition against the commingling of all of the various deposits provided to be made into said Construction Account, but only that separate accounting procedures be observed, in order that such audits may be made.

In the event that it shall be disclosed by the audit or audits of the appropriate and related agencies of the United States Government concerning the governmental grants and/or loans that according to the controlling laws, rules and regulations the amount contributed by the United States Government under such grants and/or such loan are or have been in excess of that portion of the cost which is eligible for Federal financial assistance under the applicable laws, rules and regulations, the Board covenants and agrees that the same will be refunded to the United States Government from the aforesaid Construction Account, and authority for such refund or reimbursement is hereby given.

With due respect to the foregoing, the Treasurer of the Commonwealth is hereby authorized and requested to make disbursements from said Construction Fund according to such inspection, audit and disbursement procedures as may from time to time be provided by law, for the purpose of paying the costs of erecting and completing the educational buildings and necessary appurtenant facilities identified in this Series C and Series D Resolution in accordance with the approved plans and specifications therefor, and only upon certification of the respective Architects or Engineers having supervision of construction, as to each disbursement (and in the case of each building undertaking related to a grant or Loan Agreement with an agency of the United States Government, only with the additional approval of such agency, by a duly authorized representative thereof, if so required), that the amount thereof has been duly earned by and is payable to the designated party or parties for materials, services and/or labor furnished pursuant to a proper contract duly awarded therefor.

Disbursements from said Construction Fund relating to contracts duly made with the Fiscal Agents for their professional services in advice and other professional services in the presentation of the Series C and/or Series D Bonds for marketing purposes (including the assumptions by such Fiscal Agents of expenses incident thereto) shall not be subject to approval by such Architects or Engineers, and shall be chargeable solely to such amount deposited in said Construction Fund as may be attributable otherwise than to loans or grants received from governmental agencies.

Otherwise than as specifically provided herein, any balance remaining in said Construction Account after the erection and completion of said educational buildings projects and the payment of all costs in connection therewith shall be deposited in the Bond Fund; provided, however, that if proceedings are then pending or imminently contemplated for the construction of one or more additional educational buildings, which are or will be financed by issuance of additional Series Bonds pursuant to the Resolution, and which building or buildings constitute or will constitute a part of the Consolidated Educational Buildings Project, any such unexpended balance may be taken into account in determining the amount of Bonds to be authorized therefor, or may otherwise be applied to the proper costs thereof, in which event such unexpended balance may, upon authority of the Board, be transferred to the Series Construction Account thereof.

PART TWO

AUTHORIZATION OF REVENUE BOND ANTICIPATION NOTES, SUBJECT TO THE APPROVAL, CONCURRENCE AND PARTICIPATION OF THE STATE PROPERTY AND BUILDINGS COMMISSION

ARTICLE III - Authorization of Revenue Bond Anticipation Notes.

(UK Consol; Series C
& Series D)(Revised)

Section 3.01. With the approval, concurrence and participation of the State Property and Buildings Commission of Kentucky (the "Commission"), it is hereby determined that interim financing shall be effected through the issuance of Revenue Bond Anticipation Notes (the "Notes") under authority of KRS 56.513. Such Notes are hereby authorized to be issued in anticipation of the later issuance, at a proper time, of the Consolidated Educational Buildings Revenue Bonds, Series C and Series D, which are authorized in PART ONE of this resolution. The Notes shall be dated the 11th day of December, 1967, shall be issued in aggregate principal amount not to exceed _____ Thousand Dollars (_____), shall be in such denominations (each a multiple of \$5,000.00) as may be requested by the purchaser or purchasers thereof in their purchase proposals or within _____ (_____) days after the adoption of this Series C and Series D Resolution, shall mature on the 13th day of December, 1968, and shall bear interest until maturity at such rate or rates, not to exceed six per cent (6%) per annum as may be established in a supplemental resolution awarding the Notes; and if for any reason the Notes, or any of them, are not paid in full, both principal and interest, at maturity or upon prior redemption, then such Notes, and the interest at that time due and unpaid, shall thereafter bear interest at the uniform rate of six per cent (6%) per annum until payment thereof in full, both principal and interest. The Notes shall be payable as to both principal and interest at the principal office of a bank or trust company, acceptable to the Commissioner of Finance, in the City of New York, State of New York, nominated by the purchaser to which the greatest dollar amount of the Notes may be awarded.

Section 3.02. The Notes shall be subject to redemption by the Board, with the approval of the Commission, as a whole, but not in part, on the 12th day of December, 1968, upon terms of the principal amount of each Note, accrued interest at the prescribed rate to the date of redemption, and without premium or additional interest, upon condition that a "Notice of Redemption" to that effect be published one time at least thirty (30) days prior to the redemption date in a daily newspaper published in and of general circulation throughout Kentucky and in a newspaper or financial journal of national circulation among bond buyers published in the City of New York, New York.

Section 3.03. Each Note shall be executed on behalf of the Board by an authorized facsimile reproduction of the signature of the Chairman, and a facsimile of the seal of the Board shall be reproduced thereon, attested by the manual signature of the Secretary of the Board. Upon approval and concurrence by the Commission, it is requested that the Commission join in the Notes as a party thereto and provide that each Note shall be executed on behalf of the Commission by an authorized facsimile reproduction of the signature of its Chairman, attested by the manual or authorized facsimile reproduction of the signature of its Executive Director.

Section 3.04. The Notes shall be in substantially the following form:

(UK Consol; Series C
& Series D)(Revised)

(FORM OF REVENUE BOND ANTICIPATION NOTE)

COMMONWEALTH OF KENTUCKY
 BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY
 AND
 STATE PROPERTY AND BUILDINGS COMMISSION OF KENTUCKY
 REVENUE BOND ANTICIPATION NOTE
 IN CONNECTION WITH THE ISSUANCE BY THE BOARD OF TRUSTEES
 OF THE UNIVERSITY OF KENTUCKY OF ITS "CONSOLIDATED
 EDUCATIONAL BUILDINGS REVENUE BONDS, SERIES C AND SERIES D"

No. _____

\$ _____

The Board of Trustees of the University of Kentucky, a public body corporate, and an educational institution and agency of the Commonwealth of Kentucky, at Lexington, Fayette County, Kentucky (the "Board"), acting under authority of Section 162.340, et seq., and Section 56.513 of the Kentucky Revised Statutes, and the State Property and Buildings Commission of Kentucky, a public body corporate and an independent agency of the Commonwealth of Kentucky (the "Commission"), acting under authority of pertinent provisions of Chapter 56 of the Kentucky Revised Statutes (including Section 56.513 thereof), for value received hereby jointly promise to pay to bearer the principal sum of _____
 _____ Thousand Dollars (\$ _____)
 on the 13th day of December 1968, and to pay interest on said principal sum at the rate of _____ per cent (_____ %) per annum payable at maturity or upon redemption; both principal and interest being subject to the provisions hereinafter set forth with respect to payment prior to maturity. The obligations of the Board and the Commission for the principal of this Note, and interest hereon, are limited to payment from the proceeds of the Board's Revenue Bonds, herein identified, when said Bonds, or either Series thereof, are sold and delivered and such proceeds are received and are available, except to the extent provision shall previously have been made for payment from the proceeds of renewal notes, as authorized and permitted by law, or from interest derived from investment of the proceeds hereof, pending disbursement, or from the pledge (hereinafter made) of revenues of the Board's Consolidated Educational Buildings Project, to the extent such revenues are surplus to requirements of the Board's Consolidated Educational Buildings Revenue Bonds. The principal of this Note, and interest hereon, are payable in New York Clearing House Funds in lawful money of the United States of America at the principal office of _____,
 in the City of _____, _____. If for any reason this Note is not paid in full, both principal and interest, at the specified maturity date (or on the specified redemption date if notice be duly given as hereinafter provided), it is agreed that from and after such failure of payment, interest on the principal amount of this Note, and upon the amount of interest then due and unpaid, shall accrue at the rate of six per cent (6%) per annum until payment of this Note in full, both principal and interest.

(UK Consol; Series C
 & Series D)(Revised)

The Board represents to the bearer of this Note that it has taken all proper steps to initiate an Undertaking consisting of the erection or reconstruction of one or more buildings, with necessary appurtenances, at the main campus of the University of Kentucky in Lexington, Kentucky, to be used for educational purposes, the same to constitute parts of the Board's "Consolidated Educational Buildings Project," heretofore established, and that it has made of record a determination that the same shall be financed (to the extent funds are not otherwise provided) through the issuance of the Board's "Consolidated Educational Buildings Revenue Bonds, Series C and Series D," which will constitute a part of its issue of "Consolidated Educational Buildings Revenue Bonds" heretofore authorized, which Revenue Bonds will not constitute an indebtedness of the Board, or of the Commission, or of the Commonwealth of Kentucky, but will be payable solely from the defined Revenues derived and to be derived from said Consolidated Educational Buildings Project; and that it has duly adopted a "Series C and Series D Resolution" authorizing said Revenue Bonds in the aggregate amount of \$33,643,000. The Board further represents that it has provided to the Commission all documentation required to be furnished by the Board according to Section 56.513 of the Kentucky Revised Statutes, and in accordance with the Commission's requirements thereunder as conditions precedent to interim financing in anticipation of the issuance of said identified Revenue Bonds.

The Commission represents to the bearer of this Note that it has received from the Board all documentation required by Section 56.513 of the Kentucky Revised Statutes, and by the Commission's requirements thereunder, in connection with the initiation of such Undertaking, and the proposal of the Board that the same be financed (to the extent funds are not otherwise provided) through the issuance of the aforesaid Revenue Bonds by the Board; that the Commission has approved the documentation so furnished by the Board; and that the Commission and the Board have made all such determinations as are required preliminary to interim financing in anticipation of the Board's issuance of such Revenue Bonds.

The Board covenants with the bearer of this Note that at a proper time or times during the construction of said Undertaking, or upon completion thereof (to be determined in the discretion of the Commission), the Board will take all proper and necessary action under existing statutory authority and in accordance with previous proceedings creating its issue of "Consolidated Educational Buildings Revenue Bonds," to offer at public sale, issue and deliver the Series of such Revenue Bonds hereinabove identified, in an amount not less than \$33,643,000, which is an amount estimated to be the aggregate of all costs of said Undertaking (to the extent funds are not otherwise provided), including provision for payment from the proceeds of said Revenue Bonds of the principal of and interest on this Note as herein provided, unless interest shall previously have been paid, or provisions for payment thereof have been duly made from other sources, as herein provided.

The Commission covenants with the bearer of this Note that the Commission

(UK Consol; Series C
& Series D)(Revised)

has approved the Board's authorization and later issuance of said Revenue Bonds as required by the applicable provisions of Chapter 56 of the Kentucky Revised Statutes, and that the Board is authorized to offer the same at public sale and thereafter issue and deliver the same.

The Board and the Commission jointly covenant with the bearer of this Note that when the proceeds of said Revenue Bonds are received, the same will be deposited in a special escrow account with the financial institution hereinabove named as the place of payment of principal and interest, upon such terms as will provide that the escrow agent shall pay from said proceeds to the respective bearers of all of the Notes issued as constituting the series herein referred to the principal amount thereof, together with interest as herein provided (unless and to the extent such interest shall previously have been paid or provision for payment of interest shall have been made from one or more of the other sources herein provided in that connection), as a first charge upon said proceeds; and thereafter to remit the balance of said proceeds to the Commonwealth of Kentucky for disposition in accordance with the provisions of the proceedings pursuant to which said Revenue Bonds have been authorized to be issued.

This Note is one of a series of Notes in the aggregate principal amount of \$ _____), bearing interest at various rates, but otherwise of the same tenor and effect and alike as to date of maturity, and provisions for redemption prior to the maturity date, issued by the Board with the approval and concurrence of the Commission in anticipation of the issuance of said Revenue Bonds and for the purpose of providing interim funds to be applied solely toward interest on the Notes, the costs of construction of said Undertaking and proper expenses; all being done under and in strict conformity with the Constitution and applicable statutes of the Commonwealth of Kentucky, particular reference being made to Section 162.340, et seq., and Chapter 56 of the Kentucky Revised Statutes, now in full force and effect.

Neither this Note, nor the interest hereon, shall constitute or evidence an indebtedness of the Commonwealth of Kentucky, or of the Board, or of the Commission, but the same are payable solely from the proceeds of the above-identified Revenue Bonds and from the proceeds of the Notes, or of renewal notes, or from other sources, as aforesaid. Pursuant to the statute authorizing the issuance hereof, this Note, and the receipt of interest hereon, are exempt from all taxation by the Commonwealth of Kentucky and all of its subdivisions, municipalities and taxing authorities.

The Board and the Commission covenant and agree that from the proceeds of the Notes (a) there will be set aside in a special fund or account which has been designated the "Revenue Bond Anticipation Notes - Interest Account" a sum equal to interest on all of the Notes from the date thereof to the date of maturity, and (b) the remainder of such proceeds, less proper expenses, will be deposited in a special fund or account which has been designated the "Revenue Bond Anticipation Notes - Proceeds Account," from which disbursements will be made solely for

(UK Consol; Series C
& Series D)(Revised)

proper costs of the above-mentioned Undertaking; and that as additional sources of payment of interest on the Notes the Board (with the concurrence and approval of the Commission) has pledged (i) all interest income which may be realized from investment and reinvestment of moneys set aside and deposited in the aforesaid "Revenue Bond Anticipation Notes - Interest Account" and the aforesaid "Revenue Bond Anticipation Notes - Proceeds Account," pending proper and authorized disbursements therefrom and (ii) to any extent which may be necessary, the defined Revenues of the Board's Consolidated Educational Buildings Project, as created and established by the Resolution, but only in so far as the said Revenues are surplus to the requirements prescribed in the Series A Resolution and the Series B Resolution for the security, source of payment, benefit and protection of the holders of the Board's outstanding "Consolidated Educational Buildings Revenue Bonds, Series A and Series B," heretofore issued. If interest on the Notes shall be well and truly paid at the maturity of the Notes or upon prior redemption, from any or all of the sources which have been pledged for that purpose, as herein recited, then the pledge of surplus Revenues of the Consolidated Educational Buildings Project shall become a nullity, and shall not serve to impair the lawful capacity of the Board to pledge the Revenues of the Consolidated Educational Buildings Project in connection with the future issuance of Consolidated Educational Buildings Revenue Bonds according to Series resolutions as contemplated in the Board's Resolution of September 20, 1960, in which the Consolidated Educational Buildings Project was created and established.

The right is expressly reserved to the Board, acting with the approval and concurrence of the Commission, to redeem and discharge this Note from the proceeds of said identified Revenue Bonds or from the proceeds of renewal notes, or from other permissible sources, on the 12th day of December, 1968, upon terms of the principal amount hereof, with interest at the stipulated rate to the redemption date, and without additional interest or premium, upon giving notice of its election to make such redemption at least thirty (30) days prior to the redemption date in a daily newspaper published in and of general circulation throughout Kentucky and in a newspaper or financial journal of national circulation among bond buyers published in the City of New York, New York. If such notice shall be given in accordance with the foregoing, and at the prescribed time and place, the Board and the Commission shall cause to be deposited in escrow, at the office of the above-named Paying Agent, all sums then due to the bearers of all of said Notes, then this Note shall cease to bear interest on the redemption date, and thereafter the bearer hereof shall look exclusively to the funds so deposited for that purpose with the escrow agent for the discharge of all obligations of the Board and of the Commission hereunder.

It is agreed by the Board and the Commission that the proceeds or purchase price of this Note shall be paid by the purchaser hereof to the Commonwealth of Kentucky in New York Clearing House Funds by means of a check certified by a bank acceptable to the Commissioner of Finance of the Commonwealth, or by a cashier's, treasurer's or official check issued by a bank acceptable to said Commissioner of Finance, the same to be payable to the Treasurer of the Commonwealth

of Kentucky and delivered to said Commissioner of Finance. The purchaser of this Note shall be controlled by this agreement and shall make payment herefor according to the foregoing; and such payment shall discharge the purchaser of all obligations to the Board and to the Commission hereunder.

It is hereby certified, recited and declared by the Board and by the Commission that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance and delivery of this Note, do exist, have happened and have been performed according to law; that neither the principal of or interest on this Note shall constitute an indebtedness of the Commonwealth of Kentucky, or of the Board, or of the Commission; and that provision has been made, and will be made, for (a) the payment of the principal hereof from the proceeds of the above-identified Revenue Bonds, or from the proceeds of renewal notes, and (b) for the payment of interest hereon from the proceeds of the Notes or from other sources as hereinabove recited; in each instance as a first charge thereon, as aforesaid.

IN TESTIMONY WHEREOF, the Board has caused this Note to be executed in its name and on its behalf by the authorized facsimile reproduction of the signature of its Chairman, and has caused a facsimile reproduction of its seal to be printed hereon, attested by the manual signature of its Secretary; and the Commission has caused this Note to be executed in its name and on its behalf by the authorized facsimile reproduction of the signature of its Chairman, attested by the manual or authorized facsimile reproduction of the signature of the Commissioner of Finance as its Executive Director; all being done as of the 11th day of December, 1967.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY
Lexington, Kentucky

(FACSIMILE
OF SEAL)

By (Facsimile Signature)
Chairman

ATTEST:

 (Manual Signature)
Secretary

STATE PROPERTY AND BUILDINGS
COMMISSION OF KENTUCKY

ATTEST:

 (Manual or Facsimile Signature)
Commissioner of Finance and Execu-
tive Director of the Commission

By (Facsimile Signature)
Governor of the Commonwealth
and ex officio Chairman of
the Commission

Section 3.05. Disposition of the proceeds of the Notes shall be made as provided in this Section. The Board (with the approval and concurrence of the Commission) hereby creates and establishes two special funds or accounts, one of which is hereby designated the "Revenue Bond Anticipation Notes - Interest Account" (for convenience hereinafter sometimes referred to as the "Special Interest Account") in the custody of the Paying Agent hereinabove designated for the Notes; and the other being hereby designated the "Revenue Bond Anticipation Notes - Proceeds Account" (for convenience hereinafter sometimes referred to as the "Special Proceeds Account") which shall be maintained in the Treasury of the Commonwealth of Kentucky.

Upon receipt of the proceeds of the Notes (or as soon thereafter as may be feasible) the Commissioner of Finance of the Commonwealth shall cause to be deposited in said Special Interest Account all sums received from the purchaser or purchasers of the Notes as representing interest accrued from the date of the Notes to the date of delivery thereof; and, additionally, from the proceeds of said Notes such a sum as shall cause the total amount initially so deposited in said Special Interest Account to be equal to all interest which will accrue on all of the Notes from the date thereof to the stated maturity date thereof, computed at the interest rates made applicable to the Notes in the supplemental resolution awarding the Notes. As and for additional security for the payment of interest on the Notes becoming due at the maturity thereof, the Board hereby pledges (i) all interest income which may be realized from investments made for said Special Interest Account, (ii) all interest income which may be realized from investments made for the Special Proceeds Account, pending disbursement thereof as hereinafter provided, and (iii) to any extent which may be necessary, the defined Revenues of the Board's Consolidated Educational Buildings Project, but only to the extent that such Revenues are in excess of the deposits required to be made from such Revenues for the security, source of payment, and protection of the holders of the Board's heretofore issued Consolidated Educational Buildings Revenue Bonds, Series A and Series B, according to the terms and provisions of the Resolution which was adopted by the Board on September 20, 1960, creating and establishing the Board's Consolidated Educational Buildings Project.

The aggregate amount initially deposited in the aforesaid Special Interest Account from accrued interest on the Notes and from the proceeds of the Notes shall be invested and reinvested by the Paying Agent, as directed by the Board, but only in interest-bearing obligations of the United States Government, or obligations fully guaranteed as to principal and interest by the United States Government, or in Certificates of Deposit meeting the conditions hereinafter prescribed, maturing not later than December 12, 1968; and all interest income realized from such investments shall be credited and accumulated in the said Special Interest Account and is hereby pledged as additional security for the payment of interest on the Notes.

The entire balance of the proceeds of the Notes shall be deposited by the Commissioner of Finance of the Commonwealth in the aforesaid Special Proceeds

Account in the Treasury of the Commonwealth. The Commissioner is authorized to make payment from said Special Proceeds Account of the contractual fee of the Fiscal Agents for advice, services and expenses undertaken by the Fiscal Agents in connection with the issuance of the Notes. The balance remaining thereafter in said Special Proceeds Account is hereby declared to be available for application to the costs of constructing the Undertaking for which the Board's Consolidated Educational Buildings Revenue Bonds, Series C and Series D, are authorized, as provided in PART ONE of this resolution. The Board and the Commission shall cause to be prepared by the Architects and/or Engineers having supervision of the construction of the various elements of the aforesaid Undertaking, a schedule of projected dates and amounts anticipated to be required for disbursement from the Special Proceeds Account in payment of the costs of constructing said Undertaking in accordance with said schedule, and the undisbursed portions of the balances from time to time existing in the said Special Proceeds Account shall be invested and reinvested in accordance with the directions of the Commissioner of Finance of the Commonwealth, but only in interest-bearing obligations of the United States Government, or obligations fully guaranteed as to principal and interest of the United States Government, or in Certificates of Deposit meeting the conditions hereinafter prescribed, maturing in such manner as that cash shall be available for projected disbursements for construction purposes in accordance with the aforesaid schedule or projection prepared by the Architects and/or Engineers. All interest income realized upon the diminishing balances of moneys so invested and reinvested for the said Special Proceeds Account shall be paid over into the above-created Special Interest Account, and shall be held, invested and reinvested thereon as additional security for the payment of interest on the Notes, and is hereby expressly pledged for that purpose.

As further security for the payment of interest on the Notes, as recited in the "Form of Revenue Bond Anticipation Note" appearing in Section 3.04 hereof, the Board hereby further pledges the Revenues of the Board's Consolidated Educational Buildings Project, but only to the extent that such Revenues are and shall be in excess of the requirements and pledges heretofore made for the security, benefit and protection of the holders of the Board's heretofore issued and outstanding Consolidated Educational Buildings Revenue Bonds, Series A and Series B. Upon payment of interest on the Notes, when due, from any or all of the sources herein pledged for that purpose, the aforesaid pledge of surplus Revenues of the Consolidated Educational Buildings Project shall automatically become a nullity, without further affirmative action on the part of the Board or the Commission, in order that the existence of such pledge shall not thereafter serve as an impediment to the issuance by the Board of additional Series of its Consolidated Educational Buildings Revenue Bonds under authority of the Resolution of September 20, 1960, and as therein contemplated.

The amount deposited from the proceeds of the Notes in the aforesaid Special Proceeds Account are intended to be applied from time to time toward the costs of the aforesaid Undertaking for which the Board's "Consolidated Educational Buildings Revenue Bonds, Series C and Series D," are issued. Disbursements for

(UK Consol; Series C
& Series D)

such purposes shall be made from said Special Proceeds Account according to the same procedures, and upon certification by the architects or engineers in the same manner as is prescribed in Section 2.16 of this Series C and Series D Resolution with reference to similar disbursements from the "Bond Proceeds Series C and Series D Construction Account."

Upon payment of the Notes and interest thereon, at maturity or upon prior redemption, as hereinabove provided, any amount then remaining in said "Special Interest Account" shall be paid over by the escrow agent to First Security National Bank and Trust Company of Lexington, Lexington, Kentucky, as Trustee for the holders of the Board's Consolidated Educational Buildings Revenue Bonds, and for deposit by the Trustee in the "Consolidated Educational Buildings Project Bond and Interest Sinking Fund"; provided, however, that in the event the Board (with the approval and concurrence of the Commission) shall see fit to issue renewal notes at that time, the said escrow agent may be directed to transmit such remaining balance in the "Special Interest Account" to another escrow agent similarly designated in connection with the issuance of such renewal notes.

Section 3.06. The Board acknowledges that by reason of its previously declared purpose to undertake a substantial program of construction and reconstruction of buildings and necessary appurtenant facilities on the main campus of the University at Lexington, Kentucky, to finance the same (to the extent funds are not otherwise available) through the issuance of one or more Series of its Consolidated Educational Buildings Revenue Bonds, and, if necessary or desirable, to provide interim financing in anticipation of the issuance of such Revenue Bonds (as set forth in a certain resolution which was adopted by the Board on January 20, 1967), the Commission, acting through the Commissioner of Finance of the Commonwealth as its duly authorized member and agent, has complied with the requirements of Section 56.513 of the Kentucky Revised Statutes by soliciting proposals for the interim financing herein authorized from at least three (3) responsible lenders; and is hereby requested, in the exercise of its discretion, to designate said Commissioner to join with the Board or its Executive Committee in selecting from among the proposals received those which are deemed the best thereof, consistent with sound financial practices. The Board hereby ratifies, confirms and adopts the actions and procedures so taken on its behalf.

ARTICLE IV - Miscellaneous Provisions.

Section 4.01. If interim financing is effected by the issuance and delivery of Revenue Bond Anticipation Notes, substantially in the manner authorized in ARTICLE III of this Series C and Series D Resolution, then upon the Board's subsequent issuance of the Series C and Series D Bonds which are authorized in PART ONE of this Series C and Series D Resolution, all interest coupons appurtenant to said Bonds and which are past due at that time shall be detached and cancelled by the Trustee; or, as a permissible alternative, the printer may be instructed not to prepare such then past due interest coupons, in which event the printer shall be required to furnish to the Trustee its certificate to that effect.

(UK Consol; Series C
Series D)(Revised)

Section 4.02. Notwithstanding the authority contained in Section 56.513 of the Kentucky Revised Statutes to issue renewal notes without limitation as to the number of renewals, the Board covenants and agrees that it will not, in any event, undertake to issue Revenue Bond Anticipation Notes for the purpose of renewing all or any part of the Notes authorized in PART TWO of this Series C and Series D Resolution more than twice. The Board declares its present intention to offer at public sale its Consolidated Educational Buildings Revenue Bonds, Series C and Series D, as authorized in PART ONE of this Series C and Series D Resolution, and to issue such Bonds at the date of maturity of the Revenue Bond Anticipation Notes which are authorized in PART TWO hereof, or as close to said date as may be feasible; and the covenant set forth in this Section is made in order that prospective purchasers of the Notes which are authorized in PART TWO hereof need not be concerned that the Board may propose to renew such Notes indefinitely.

Section 4.03. Wherever in this Series C and Series D Resolution references are made to investment of moneys in Certificates of Deposit the same shall be eligible for such investment only (a) if issued by a bank or trust company which is a member of Federal Deposit Insurance Corporation, and (b) if secured by a valid pledge of obligations of, or fully guaranteed as to principal and interest by, the United States Government, having at all times an aggregate market value, exclusive of accrued interest, at least equal to the face amount of each certificate; provided, however, the requirement that security be given may be waived in the case of Certificates of Deposit issued by banks or trust companies having combined capital and surplus exceeding Fifty Million Dollars (\$50,000,000), according to the most recent financial report required by supervisory authorities.

Section 4.04. Certified copies of the Resolution, the Series A Resolution, and the Series B Resolution being on file with the Trustee, a certified copy of this Series C and Series D Resolution shall be similarly filed, and this Series C and Series D Resolution shall take effect immediately upon its adoption, the approval and concurrence of the Commission, and the filing of a certified copy hereof with the Trustee.

ADOPTED November __, 1967.

(SEAL)

ATTEST:

Chairman or Vice-Chairman
Executive Committee
Board of Trustees
University of Kentucky

Secretary

(END OF RESOLUTION)

(UK Consol; Series C
& Series D)(Revised)

The motion for the adoption of said resolution was seconded by Executive Committee Member Mr. Cooper. After further discussion the Chairman put the question and upon call of the roll, the vote was recorded as follows:

Voting "Aye": Dr. Ralph Angelucci, Dr. Harry Denham, Robert Hillenmeyer, Richard E. Cooper.

Voting "Nay": None

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

Mr. Kerley was then invited to present to the Executive Committee the proposals which had been received for the purchase of Revenue Bond Anticipation Notes, and each proposal was carefully considered. Upon such consideration it was apparent that acceptable proposals had been received for Revenue Bond Anticipation Notes in the aggregate amount of \$25,000,000, and that Revenue Bond Anticipation Notes to that amount should be awarded by the Committee.

Mr. Kerley reported that in the light of confused and uncertain financial conditions it had been realized that bidders could not be expected to commit themselves in written proposals mailed prior to the week-end and in time to be received on the morning of this meeting, and accordingly the solicitation of bids for the Revenue Bond Anticipation Notes had been upon such terms as to permit the communication of bids by telephone. The proposals which had been received had been communicated to him by telephone, and he was unable to state whether or not other bidders might have attempted to reach him by telephone and been unable to do so simply because he was engaged in talking with other bidders at the time. He stated that in the terms of solicitation the right had been expressly reserved to the Executive Committee to waive informalities and irregularities not considered by the Executive Committee to be material, and also that the intention had been clearly made known that bidders might be further solicited to increase the amount of Notes offered to be purchased, to any extent necessary to effect the sale of the entire amount of Notes authorized and offered.

He recommended that the Committee consider waiving the time of receiving bids and authorize him, as Vice President for Business Affairs, to receive and act for the Committee in accepting late bids which might come in, or bids for increased amounts of the Notes, subject to whatever limitations the Committee might see fit to prescribe. It was the unanimous opinion of the Members of the Committee that late bids might properly be so considered and acted upon if the same are not less favorable to the University than the highest bid received prior to the announced hour of 11:30 a. m. on this date.

Thereupon Executive Committee Member Dr. Denham introduced, caused to be read and moved immediate adoption of a resolution, as follows:

A RESOLUTION ACCEPTING THE BEST BIDS FOR THE PURCHASE OF \$25,000,000.00 PRINCIPAL AMOUNT OF REVENUE BOND ANTICIPATION NOTES OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, ESTABLISHING INTEREST RATES, DESIGNATING THE PAYING AGENT, AND SPECIFYING THE DENOMINATIONS IN WHICH SAID NOTES SHALL BE ISSUED; ESTABLISHING A MAXIMUM RATE OF YIELD FOR THE REMAINDER OF THE AUTHORIZED NOTES, AND DIRECTING THE VICE PRESIDENT FOR BUSINESS AFFAIRS TO ACCEPT ANY LATE OR INCREASED BIDS WHICH MIGHT BE RECEIVED UPON TERMS EQUAL TO OR BETTER THAN SUCH MAXIMUM.

THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY HEREBY RESOLVES, AS FOLLOWS:

Section 1. The actions of the Commissioner of Finance of Kentucky, the Vice President for Business Affairs and the Fiscal Agents, on behalf of the Board of Trustees of the University of Kentucky and on behalf of the State Property and Buildings Commission, in soliciting the submission of proposals by more than three responsible lenders for the purchase of Revenue Bond Anticipation Notes of the Board of Trustees of the University are hereby approved, adopted, ratified and confirmed as constituting compliance with the requirements of Section 56.513 of the Kentucky Revised Statutes.

Section 2. Upon receipt and consideration of purchase proposals for the \$31,400,000 principal amount of "Revenue Bond Anticipation Notes" authorized by a resolution this day adopted by the Executive Committee of the Board of Trustees of the University of Kentucky, it is hereby determined that acceptable purchase proposals have been received and should be accepted at this time in the aggregate principal amount of \$25,000,000.

Section 3. The Revenue Bond Anticipation Notes in the aggregate principal amount set forth in Section 2 hereof are hereby awarded and sold to the respective bidders, in the respective denominations, at the respective prices, and bearing interest at the respective rates, as follows:

(1) Such Revenue Bond Anticipation Notes in the principal amount of \$15,000,000 are hereby awarded to Chemical Bank New York Trust Company, New York, N. Y., upon its bid of the par or face amount thereof upon condition that such Notes bear interest from date to maturity at the stated rate of 4-3/4% per annum, such Notes to be in the following denominations:

\$10,000,000 thereof to be represented by 100 Notes in the face amount of \$100,000 each;

\$4,000,000 thereof to be represented by 80 Notes in the face amount of \$50,000 each; and

\$1,000,000 thereof to be represented by 40 Notes in the face amount of \$25,000 each.

(2) Such Revenue Bond Anticipation Notes in the principal amount of \$5,000,000 are hereby awarded to First National City Bank, New York, N. Y., upon its bid of the par of face amount thereof upon condition that such Notes bear interest from date to maturity at the stated rate of 4-3/4% per annum, the same to be represented by 50 Notes in the face amount of \$100,000 each; and

(3) Such Revenue Bond Anticipation Notes in the principal amount of \$5,000,000 are hereby awarded to First National City Bank, New York, N. Y., upon its bid of 99.88% of the par or face amount thereof upon condition that such Notes bear interest from date to maturity at the stated rate of 4-3/4% per annum (being an effective interest rate of 4-7/8% per annum), the same to be represented by 50 Notes in the denomination of \$100,000 each.

Section 4. The largest dollar amount of said Notes having been awarded to Chemical Bank New York Trust Company, it is hereby determined that in accordance with the nomination of said purchaser the place of payment of the principal of and interest on all of the aforesaid Revenue Bond Anticipation Notes shall be the principal office of Chemical Bank New York Trust Company, in the City of New York, New York, and the printer may be instructed to prepare the Notes accordingly.

Section 5. In recognition of the possibility that other bidders might have desired to submit purchase proposals and were prevented from doing so because the Vice President for Business Affairs was engaged in receiving the above listed purchase proposals, and in recognition of the fact that bidders might increase the amount of Notes offered to be purchased, the Executive Committee hereby determines that the time of receiving bids constitutes an informality or irregularity which is not material to the integrity of the sale and the time of receiving bids is hereby waived with respect to any bids which may later be received by the Vice President for Business Affairs for any amounts of the authorized but unawarded Revenue Bond Anticipation Notes, provided each bid, or increased amount thereof, is upon such terms of price and interest rate as to result in an effective interest rate to the University not exceeding 4-7/8% per annum. As to any late or increased bids which may be received upon terms equal to or more favorable than such stated maximum effective rate, the Vice President for Business Affairs is hereby authorized and directed to accept the same on behalf of the Executive Committee, and in the performance of a ministerial act without discretion on the part of the Vice President for Business Affairs to vary therefrom. Any late or increased bids so received and accepted shall be reported in writing by the Vice President for Business Affairs to the Chairman of the Executive Committee and to the Commissioner of Finance of the Commonwealth, and the Executive Committee

hereby authorizes the execution and delivery of Notes in accordance with such written report.

Section 6. The Notes shall be executed on behalf of the Board of Trustees and on behalf of the State Property and Buildings Commission in the manner set forth in the resolution this day adopted by the Executive Committee of the Board of Trustees authorizing said Revenue Bond Anticipation Notes; and the Notes shall be tendered to the purchasers thereof at a financial institution in the City of New York, New York, to be designated by the Commissioner of Finance of Kentucky, on December 11, 1967, upon payment of the respective purchase prices. The Commissioner of Finance of Kentucky is authorized to give an official receipt to each purchaser, and to make disposition of the proceeds of said Revenue Bond Anticipation Notes in the manner set forth in the aforesaid authorizing resolution.

Section 7. This resolution shall be in full force and effect from and after its adoption, and an authenticated copy may be delivered to each purchaser as evidence of the awards made.

The motion for the adoption of said resolution was seconded by Executive Committee Member Mr. Hillenmeyer. After discussion the Chairman put the question and upon call of the roll the vote was recorded, as follows:

Voting "Aye": Dr. Ralph Angelucci, Dr. Harry Denham, Robert Hillenmeyer, Richard E. Cooper.

Voting "Nay": None.

The Chairman then announced that the resolution had been adopted and was in full force and effect.

F. Meeting Adjourned

There being no further business to be considered at this time, on motion and vote the meeting was duly adjourned at 12:12 p. m.

Respectfully submitted,

Sam Ezelle
Secretary, Board of Trustees

CERTIFICATION

I, Sam Ezelle, Secretary of the Board of Trustees of the University of

Kentucky, and of the Executive Committee of said Board of Trustees, hereby certify that the foregoing is a true copy of all those portions of the minutes of a special meeting of said Executive Committee held on November 27, 1967, as are related to the authorization of the Board's Consolidated Educational Buildings Revenue Bonds, Series C and Series D, authorization of Revenue Bond Anticipation Notes according to the authority of KRS 56.513, consideration of proposals for the purchase of said Revenue Bond Anticipation Notes, and the awards made and authorized to be made.

WITNESS my hand and the seal of said Board, this 30 day of November, 1967.

(SEAL)

/S/ Sam Ezelle
Secretary, Board of Trustees,
University of Kentucky, and of Executive
Committee of the Board of Trustees