Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Wednesday, June 25, 1986.

The Board of Trustees of the University of Kentucky met at 1 p.m. (Eastern Daylight Time) on Wednesday, June 25, 1986 in the Board Room on the 18th floor of the Patterson Office Tower on the Lexington Campus.

A. Meeting Opened and Roll Called

Mr. Robert T. McCowan, Chairman, called the meeting to order at 1 p.m., and the invocation was pronounced by Mrs. Edythe Jones Hayes.

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

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

B. Minutes Approved

On motion made by Mr. Rose, seconded by Mr. Lunsford and passed, the Minutes of the May 6, 1986 meeting of the Board of Trustees were approved as written.

C. Nominating Committee Appointed

Mr. McCowan appointed Mr. George W. Griffin (Chairman), Mrs. Edythe Jones Hayes, Mr. James L. Rose, Mr. R. Larry Jones, and Professor Constance P. Wilson to serve as the Nominating Committee to recommend officers of the Board and members of the Executive Committee to be presented at the September 16, 1986 meeting of the Board of Trustees.

D. President's Report to the Trustees (PR 1)

President Singletary indicated his pleasure in announcing one item not included in PR 1: a $47,000 grant from the Ford Foundation to the College of Arts and Sciences to help support implementation of the new undergraduate studies requirements. He then reviewed briefly some significant changes that have occurred on campus in the last few years which reflect the high priority placed on the quality of undergraduate education: (1) the adoption of the selective admissions policy, (2) the ten-fold increase over the last three years in the number of merit scholarships awarded, (3) Mrs. Maxwell Gluck's recent endowment of a scholarship to be given to a top-notch scholar in equine studies, (4) the streamlining of various services provided to students, and (5) the curriculum revision which has been in the pipeline two years or so in Chancellor Gallaher's area.

In view of the length of the agenda, President Singletary said he would not attempt to cover the items in PR 1 and suggested that the Trustees read it at their leisure.

E. Personnel Actions (PR 2)

In recommending that the appointments and staff changes be approved, President Singletary said he was pleased to report that Professor Emmett R. Costich has been named Acting Dean in the College of Dentistry. He also reported that a search committee has been appointed to find a permanent successor to replace Dean Merrill W. Packer who recently resigned.

On motion made by Mr. Ramsey, seconded by Professor Wilson and passed, the appointments and staff changes recommended in PR 2 were approved. (See PR 2 at the end of the Minutes.)

F. Supplemental Recommendations--Personnel Actions (PR 3A-1)

President Singletary then indicated his pleasure in recommending the following: (1) the appointment of Professor Donald C. Leigh, "a highly respected member of the Engineering faculty," as Acting Director of the Center for Robotics and Manufacturing Systems and (2) the appointment of Joseph T. Burch, Dean of Students, as Acting Vice Chancellor for Student Affairs. He reported that a search has begun for a permanent replacement for Vice Chancellor Robert G. Zumwinkle who recently retired. Professor Leigh and Dean Burch were present and asked to stand and be recognized following which they were given a round of applause. President Singletary expressed his appreciation to Dean Burch for always responding to any request to serve the University.

With President Singletary so recommending, Mr. Griffin moved approval of the appointments in PR 3A-1. His motion was seconded by Professor Kemp and carried. (See PR 3A-1 at the end of the Minutes.)

G. Report on Results of Alumni Member Election (PR 3A-2)

President Singletary reported that the three persons receiving the highest number of votes in the election for an alumni member of the Board of Trustees to fill the vacancy created by the death of Mr. Thomas P. Bell were Mrs. Robert O. Clark, Mr. Ted Bates, and Mr. John C. Owens.

Mr. Larry Jones moved that the report of the Secretary of the Board of Trustees, as given by President Singletary, be received and put to record and the Secretary be authorized to certify to the Governor the names of the three persons receiving the largest number of votes from which list a successor will be appointed. His motion was seconded by Mr. Cain and unanimously carried. (See PR 3A-2 at the end of the Minutes.)

H. Proposed Amendments to the Governing Regulations (PR 3B-1)

Professor Cantrell moved that the proposed amendments to the Governing Regulations in PR 3B-1, which were received for preliminary consideration by the Board at its May 1986 meeting, be approved. Mr. Black seconded the motion which carried without dissent. (See PR 3B-1 at the end of the Minutes.)

I. Proposed Amendment to the Governing Regulation (PR 3B-2)

Professor Wilson moved that the proposed amendment to the Governing Regulations in PR 3B-2 be received for preliminary consideration and included on the agenda at the next regular meeting of the Board. The motion, seconded by Mr. Larry Jones, carried. (See PR 3B-2 at the end of the Minutes.)

J. Appointments to Advisory Board--Lexington Community College (PR 4-A)

On motion made by Mr. Lassetter, seconded by Mr. Clay and passed, the Board approved the reappointment of Mr. Richard E. Blanchard and Mr. Larry S. Martini to the Advisory Board of Lexington Community College for three-year terms ending June 30, 1989. (See PR 4A at the end of the Minutes.)

K. Appointment of Director, Lexington Community College (PR 4B)

On recommendation of Chancellor Wethington and with the concurrence of President Singletary, Professor Cantrell moved that Dr. Allen G. Edwards be named Director of Lexington Community College, effective July 1, 1986. Professor Cantrell's motion was seconded by Mr. Cain and unanimously carried. (See PR 4B at the end of the Minutes.)

L. Establishment of Interdisciplinary Human Development Institute (PR 5A)

President Singletary recommended that the Board of Trustees authorize the establishment of an Interdisciplinary Human Development Institute. He reported that the proposal to establish the Institute originated in the Human Development Program. The proposed Institute's goals include research, training, and service demonstration for persons with developmental disabilities and related handicapped problems. It will

be an educational unit in the Graduate School. The establishment of the Institute has been recommended by the Vice Chancellor for Research and Dean of the Graduate School, the University Senate Committee on Academic Organization and Structure, the University Senate Council, and the Chancellor for the Lexington Campus. On motion made by Mr. Hershey, seconded by Mr. Rose and carried, PR 5A was approved.

President Singletary introduced Dr. Melton Martinson, Director of the Human Development Program, whom he identified as the force behind the proposed Institute. He informed the Trustees that the Valvoline Oil Company has been financially supportive of the Human Development Program and involved in the planning for the Institute. He introduced Mr. Jack Boehm and Mr. John Barr, President and Vice President of Valvoline, respectively, and expressed appreciation for the support of their company. He asked them to stand and be recognized following which they were given a round of applause. (See PR 5A at the end of the Minutes.)

M. Naming of Conference Center (PR 5C)

On recommendation of President Singletary, Mr. Clay moved that the conference center in the University of Kentucky Research and Education Center Building at Princeton, Kentucky be named THE GEORGE A. EVERETTE CONFERENCE CENTER. The motion was seconded by Mr. Hershey and carried. (See PR 5C at the end of the Minutes.)

N. Approval of Agreement Between University of Kentucky and University of Kentucky Student Agencies, Inc. (PR 5D)

President Singletary indicated this was an annual contract which has been in effect since 1982, and said he was pleased to recommend approval of the agreement with Student Agencies. On motion made by Mr. Cain, seconded by Mr. Ramsey and carried, the Board approved the agreement between the University of Kentucky Board of Trustees and the University of Kentucky Student Agencies, Inc. for the period of July 1, 1986 through June 30, 1987. (See PR 5D at the end of the Minutes.)

O. Student Health Fees (PR 6A)

On motion made by Mr. Lunsford, seconded by Mr. Hershey and carried, the Board approved the continuation of the $25.00 health fee for each semester of the 1986-87 academic year. (See PR 6A at the end of the Minutes.)

P. Agreement Between the University of Kentucky and the McDowell Cancer Research Foundation (PR 6B)

On recommendation of Chancellor Bosomworth and President Singletary, Mrs. Hayes moved that the Board approve the agreement between the University of Kentucky and the McDowell Cancer Research Foundation regarding the use of certain rooms in the Lucille Parker Markey Cancer Center building as presented in PR 6B. Mrs. Hayes' motion was seconded by Mr. Brereton Jones and unanimously carried. (See PR 6B at the end of the Minutes.)

Q. Agreement Between University of Kentucky and Kentucky Medical Services Foundation (PR 6C)

Chancellor Bosomworth explained that the terms in the document are essentially the same as those in the agreement approved by the Board on June 24, 1985. He added that the document has been updated to reflect dates in the new contract period and to revise the dollar amounts due the University under Section 5.C and Section 18.A. He explained that Section 18 on Professional Liability Insurance has been revised to reflect the percentage KMSF will pay for liability insurance, and that the amount for expenses attendant to the production of clinical income has been increased from $2,204,241 to $2,237,352.

Mr. Larry Jones moved approval of the agreement between the Board of Trustees of the University of Kentucky and Kentucky Medical Services Foundation, Incorporated as presented in PR 6C. Mr. Jones' motion was seconded by Mr. Hershey and carried without dissent. (See PR 6C at the end of the Minutes.)

R. Operating Budget for 1986-87 (PR 3C)

President Singletary reviewed the processes involved in preparing the Operating Budget and indicated the $488.4 million budget was in many ways the finest budget during his tenure at the University.

Using a series of charts, Mr. Edward Carter provided a general overview of the proposed budget which includes:

An average increase of 7 percent for faculty salaries and 6 percent for staff salaries.

An allocation of $1,017,000 to enhance five UK Centers of Excellence identified in the Five Year Plan and Biennial Request: Center on Aging, $300,000; Center for Pharmaceutical Science and Technology, $283,00; Center for Cancer Prevention, Education, Research and Patient Care, $284,000; Center for Equine Health Care, $100,000; and the Graduate Center for Biomedical Engineering, $50,000. In addition Mr. Carter indicated that Governor Collins and the General Assembly had provided $300,000 to develop the Center of Public Administration into a Center of Excellence by expanding flexible graduate programs in public administration and maintaining quality.

$780,000 to improve graduate student support.

Special funding for equipment: $20,370,000 for academic equipment and $10,000,000 for a supercomputer.

$170.9 million capital budget includes funding for new buildings at five community colleges and new campus facilities in Owensboro; three new buildings on the Lexington Campus--an agricultural engineering building, a regulatory services building, and a building and equipment for the University's new robotics center; $55.6 million for equipment including the $20.3 million for academic equipment; $4.8 million for renovation; $1.2 million for deferred maintenance; $5.7 million for life safety projects; and $50 million to renovate University Hospital.

Mr. Carter also reviewed the major sources of income and expenditures by categories, indicating the state's appropriation to the budget is $205.1 million (42 percent); University Hospital funds contribute 16.3 percent ($79.8 million), student fees 9.5 percent, and auxiliary enterprise operations another 5.1 percent. The balance of the budget comes from federal appropriations, endowment income, investments, gifts and grants, sales and services, fund balances, restricted funds, and affiliated corporations.

Mr. McCowan voiced his satisfaction with the budget and expressed appreciation and thanks to President Singletary and his staff. He said that even though the budget does not do all the things he would like, it is a great step forward and represents the fruits of hard work by a number of dedicated people in the University throughout the years.

Mr. Clay then moved that the 1986-87 Operating Budget, as presented, be approved and that the Chairman of the Board be authorized to negotiate and execute contracts with the administrative officers providing for the terms and conditions of their employment and benefits. Mr. Clay's motion was seconded by Mr. Cain and unanimously carried. (See PR 3C at the end of the Minutes.)

S. Executive Session Called

The Board members, President Singletary, and Mr. Darsie went into Executive Session to discuss impending litigation. Following the Executive Session, the Board reconvened at 3:20 p.m.

T. Interim Financial Report (FCR 1)

Mr. Clay, Chairman of the Finance Committee, reported that the Committee had met on the morning of June 25 and reviewed a large number of agenda items to be presented for action, the first of which was the interim financial report. He said the Committee found the University to be "on target," and then moved that the Board accept the financial report for the ten months ended April 30, 1986. The motion was seconded by Mr. Griffin, and it was so ordered. (See FCR 1 at the end of the Minutes.)

U. Acceptance of Audit for the University of Kentucky Federal Credit Union (FCR 2)

Mr. Clay then moved that the Board accept the audited financial statement of the University of Kentucky Federal Credit Union for the twelve-month period ended December 31, 1985. The motion was seconded by Mr. Lassetter, and it was so ordered. (See FCR 2 at the end of the Minutes.)

V. Disposal of Personal Property (FCR 3)

Mr. Clay next moved, and Mrs. Hayes seconded, that the Board approve the disposal of personal property as presented in FCR 3. The motion carried without dissent. (See FCR 3 at the end of the Minutes.)

W. Approval of Lease (FCR 4)

On recommendation of the Finance Committee, Mr. Clay moved that the Vice Chancellor for Administration, Lexington Campus, be authorized to renew the lease between the University of Kentucky Medical Center, Finance Division and The Webb Companies as presented in FCR 4. Mr. Clay's motion was seconded by Mr. Griffin and passed without dissent. (See FCR 4 at the end of the Minutes.)

X. Approval of Lease (FCR 5)

Mr. Clay moved that the Vice Chancellor for Administration, Lexington Campus, be authorized to enter into a lease between the University of Kentucky Community College System and Midtown Complex of Owensboro as presented in FCR 5. The motion, which was seconded by Professor Wilson, was voted on and carried. (See FCR 5 at the end of the Minutes.)

Y. Report of Leases (FCR 6)

Mr. Clay moved, and Mr. Watson seconded, that the report of leases in FCR 6 be accepted. The motion was voted on, and it was so ordered. (See FCR 6 at the end of the Minutes.)

Z. Agreement with Spindletop Hall (FCR 7)

Mr. Clay moved that the Board approve the Extension of Agreement between the University of Kentucky, the University of Kentucky Research Foundation, and Spindletop Hall as presented in FCR 7. Mr. Clay's motion was seconded by Professor Wilson and carried without dissent. (See FCR 7 at the end of the Minutes.)

AA. Use of Sorority Reserve (FCR 8)

Mr. Clay moved that the Vice Chancellor for Administration, Lexington Campus, be authorized and directed by the Board of Trustees to request the Trustee of University of Kentucky Student Housing Bonds of 1964 to make available the sum of $14,000.00 for the purpose of renovating bathrooms in the Delta Gamma Sorority House located at 450 Pennsylvania Avenue. The motion, which was seconded by Professor Kemp, was voted on and unanimously carried. (See FCR 8 at the end of the Minutes.)

BB. Establishment of Quasi-Endowment for the Thomas D. Clark Fund for History and the Humanities (FCR 9)

The Finance Committee so recommending, on motion made by Mr. Clay, seconded by Professor Wilson and unanimously carried, the Board authorized the creation of a quasi-endowment fund to be entitled the "Thomas D. Clark Fund for History and the Humanities." (See FCR 9 at the end of the Minutes.)

CC. Establishment of Quasi-Endowment for the Thomas P. Bell Scholarship Fund (FCR 10)

On recommendation of the Finance Committee, Mr. Clay moved that the Board authorize the creation of a quasi-endowment fund to be entitled the "Thomas P. Bell Scholarship Fund." Mr. Clay's motion, which was seconded by Mr. Lassetter, was voted on and unanimously carried. (See FCR 10 at the end of the Minutes.)

DD. Resolution to Finance Equipment (FCR 11)

On motion made by Mr. Clay, seconded by Professor Kemp and carried, the Board approved a Resolution requesting approval of the State Property and Buildings Commission to finance equipment acquisition projects authorized by the 1986 General Assembly through the issuance of State Property and Buildings Commission bonds. (See FCR 11 at the end of the Minutes.)

EE. Proposed Amendments in the University of Kentucky Retirement Plan (FCR 12)

Mr. Clay moved that the proposed amendments in the University of Kentucky Retirement Plan in FCR 12 be approved. The motion was seconded by Mrs. Hayes and unanimously carried. (See FCR 12 at the end of the Minutes.)

FF. Adoption of Resolution Approving the Issuance and Sale of Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986 (FCR 13)

Mr. Clay reported that the Resolution and official documents regarding the Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986, had been prepared by Bond Counsel. These documents contemplate action by this Board of Trustees or by the Executive Committee. Mr. Clay noted that present at the meeting is a quorum of the Board of Trustees.

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

> A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986,

be adopted, that the official documents relating to the advertisement and sale of said Refunding Revenue Bonds be approved, and that, as provided in the sale documents, bids be considered for the purchase of such Bonds by the Treasurer of the University in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky, until a certain date and hour, and that the University Treasurer, in cooperation with the President of the University and the Fiscal Agent, Dupree & Company, Inc., ascertain the best bid for the bonds, subject to the provision that the actual award of the Bonds to the best bidder shall be made by action of either the full Board or its Executive Committee at a meeting scheduled for a later hour on that same date, true copies of which Resolution and documents are attached to these Minutes. Upon such Resolution and documents having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said Resolution had been adopted, and that said documents had been approved. (See FCR 13 at the end of the Minutes.)

GG. Adoption of Resolution Approving the Issuance and Sale of Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986. (FCR 15)

Mr. Clay reported that the Resolution and official documents regarding the Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986, had been prepared by Bond Counsel. These documents contemplate action by this Board of Trustees or by the Executive Committee. Mr. Clay again noted that present at the meeting is a quorum of the Board of Trustees.

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

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

be adopted, that the official documents relating to the advertisement and sale of said Refunding Revenue Bonds be approved, and that, as provided in the sale documents, bids be considered for the purchase of such Bonds by the Treasurer of the University in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky, until a certain date and hour, and that the University Treasurer, in cooperation with the President of the University and the Fiscal Agent, Dupree & Company, Inc., ascertain the best bid for the bonds, subject to the provision that the actual award of the Bonds to the best bidder shall be made by action of either the full Board or its Executive Committee at a meeting scheduled for a later hour on that same date, true copies of which Resolution and documents are attached to these Minutes. Upon such Resolution and documents having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said Resolution had been adopted, and that said documents had been approved. (See FCR 15 at the end of the Minutes.)

HH. Authorization of President to Fix Time of Sale of Refunding Bonds, to Publish Notice of Sale of Bonds, and to Take Other Steps with Respect Thereto (FCR 14 and FCR 16)

Thereupon, Mr. Clay stated that the timing of such a sale is quite important and that maximum flexibility should be afforded to enable the University to have the opportunity to proceed immediately whenever the market would be considered by the University, with the advice of its Fiscal Agent, to be favorable for such an offering of Bonds, and that therefore, it would be appropriate for the Board to authorize the President to determine the precise time to proceed with the advertisement of the Refunding Bonds for sale, subject to the condition that no bid for the purchase of such Refunding Bonds could be accepted without the approval of the Board or of its Executive Committee (with the advice of the Finance Committee of the Board).

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

> A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES,

be adopted. Upon such Resolution and documents having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said motion had been adopted and the President was authorized to proceed accordingly. (See FCR 16 at the end of the Minutes.)

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

> A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES,

be adopted. Upon such Resolution and documents having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said motion had been adopted and the President was authorized to proceed accordingly. (See FCR 14 at the end of the Minutes.)

II. Consideration for Adoption of a Master Resolution Approving the Creation and Establishment of an Issue of University of Kentucky Hospital Revenue Bonds (FCR 17)

Mr. Clay reported that the Master Resolution regarding a proposed issue of University of Kentucky Hospital Revenue Bonds to be issued from time to time to finance the acquisition, construction, and equipping of additions, renovations and improvements to the University of Kentucky Hospital had been prepared by Rubin & Hays as Bond Counsel to the Board and had been reviewed and approved by the Finance Committee.

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

> A RESOLUTION CREATING AND ESTABLISHING A HOSPITAL PROJECT OF THE UNIVERSITY OF KENTUCKY; CREATING AND ESTABLISHING AN ISSUE OF UNIVERSITY OF KENTUCKY HOSPITAL 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

be adopted. Upon such Resolution having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said Resolution had been adopted. (See FCR 17 at the end of the Minutes.)

JJ. Consideration for Adoption of a Series Resolution Approving the Issuance and Sale of University of Kentucky Hospital Revenue Bonds, Series A. (FCR 17)

Mr. Clay reported that the Series A Resolution authorizing the issuance of University of Kentucky Hospital Revenue Bonds, Series A, had been prepared by Bond Counsel and had been reviewed and approved by the Finance Committee.

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

> A RESOLUTION AUTHORIZING THE ISSUANCE OF $25,000,000 (OR LESS) OF UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A, OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

be adopted. Upon such Resolution having been read and fully considered, a vote was taken on the motion to adopt such Resolution, which resulted as follows:

Yeas for the Motion	Nays Against the Motion
Robert T. McCowan	None
William R. Black	
John S. Cain	
Timothy A. Cantrell	
Albert G. Clay	
George W. Griffin	
Edythe Jones Hayes	
Brereton C. Jones	
R. Larry Jones	
James D. Kemp	
T. A. Lassetter	
W. Bruce Lunsford	
Frank Ramsey	
James L. Rose	
Bobby Watson	
Constance P. Wilson	

Thereupon, the Chairman declared that said Resolution had been adopted. (See FCR 17 at the end of the Minutes.)

KK. Board Briefing

Mr. Brereton Jones reported he had recently met Dr. Arthur L. Frank, Chairman of the Department of Preventive Medicine and Environmental Health. He suggested that Dr. Frank be invited to speak to the Board about some of the exciting and progressive programs that are placing the University of Kentucky at the forefront in this health field. Mr. McCowan agreed and suggested that the Board might wish to hear briefings on various subjects from time-to-time. He asked Mr. Jones to contact Dr. Frank and make the necessary arrangements for him to appear on the agenda.

LL. U.K. Hosts Governor's Scholars Conference

Professor Wilson discussed a meeting she attended on campus for the Governor's Scholars which was attended by over 1,300 people. She reported that all comments on the University's role as host were very favorable.

MM. Tribute to Dr. Ben Roach

Governor Chandler reported that when the Medical Center was built, it was his hope it would contribute to the health, welfare and education of the people of Kentucky and that it has done so in an unusually fine way. He said that through the passage of time an outstanding Medical Center was built in Lexington. He noted that Dr. Ben Roach had more to do with the building of the Markey Cancer Center and the placing of it in the neighborhood of the Chandler Medical Center than any other individual. He said, "It reminds me of what they said about the Master: He saved others; himself He could not save." He referred to the story in the morning paper which reported Dr. Roach's illness. He said, "Those of us who have known him since he was a boy and those of us who have relied upon his medical knowledge for many years to protect the welfare of our families are deeply distressed over the situation in which he now finds himself. I would hope that a great many of you will take time to either send him a message or make assurances to him that you remember his contributions to the people of Kentucky." He described Dr. Roach as a brilliant fellow and said that the sands of time are running against him. He asked the Board to join him in an indication of appreciation and thanks to Dr. Roach and to remember him and his loved ones in prayer.

Mr. McCowan thanked Governor Chandler for his eloquent remarks about "a great man" and asked that they be recorded in the Minutes of the meeting.

NN. Meeting Adjourned

There being no further business to come before the meeting, the Chairman declared the meeting officially adjourned at 3:40 p.m., E.D.T.

Respectfully submitted,

George W. Griffin
Secretary
Board of Trustees

(PR's 2, 3A-1, 3A-2, 3B-1, 3B-2, 3C, 4A, 4B, 5A (5B was withdrawn), 5C, 5D, 6A, 6B, 6C; and FCR's 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 which follow are official parts of the Minutes of the Meeting.)

Office of the President
June 25, 1986

PR 2

Members, Board of Trustees:

Personnel Actions

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

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

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

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

0197

CENTRAL ADMINISTRATION

I. BOARD ACTION

A. Retirement

University Relations

Elliott, Ruth G., Staff Assistant V, Alumni Affairs, after 15.5 consecutive years of service, effective August 15, 1986.

COMMUNITY COLLEGE SYSTEM

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

Elizabethtown Community College

Stebbins, Charles, Associate Professor in the Community College System (with tenure), 7/1/86.

Hazard Community College

Willens, Jeffrey, Associate Professor in the Community College System (with tenure), 7/1/86.

B. ADMINISTRATIVE APPOINTMENTS

Elizabethtown Community College

Livesay, Powell, Professor in the Community College System (with tenure), Chairman, Division of Physical Sciences and Related Technologies, 7/1/86 through 6/30/89.

Owsley, Diane, Associate Professor in the Community College System (with tenure), Chairman, Division of Social and Behavioral Science and Related Technologies, 7/1/86 through 6/30/89.

Stebbins, Charles, Associate Professor in the Community College System (with tenure), Associate Director, Academic Affairs, 7/1/86.

Hazard Community College

Hurt, Valina Kay, Assistant Professor in the Community College System, Chairman, Division of Sciences and Related Technologies, 7/1/86 through 6/30/89.

Petrey-Blandau, Sandra, Assistant Professor in the Community College System, Chairman, Division of Humanities, Social Sciences and Related Technologies, 7/1/86 through 6/30/89.

Willens, Jeffrey, Associate Professor in the Community College System (with tenure), Associate Director, Academic Affairs, 7/1/86.

Henderson Community College

Brady, Daniel E., Assistant Professor in the Community College System, Associate Director for Academic Affairs, 7/1/86.

Jefferson Community College

Davis, Helen E., Associate Professor in the Community College System (with tenure), Chairman, Division of Business and Related Technologies, 7/1/86 through 6/30/88.

Early, Glen A., Assistant Professor in the Community College System, Chairman, Division of Allied Health, 7/1/86 through 6/30/89.

Edwards, Carolyn R., Associate Professor in the Community College System (with tenure), Chairman, Division of Business and Social Sciences (SW), 7/1/86 through 6/30/89.

Roberts, Charles, Associate Director, Academic Affairs, Downtown Campus, 7/1/86.

Lexington Community College

Allen, Margaret B., Assistant Professor in the Community College System, Chairman, Division of Humanities and Related Technologies, 7/1/86 through 6/30/89.

Perry, Kenneth, Associate Professor in the Community College System (with tenure), Chairman, Division of Physical Sciences and Engineering, 7/1/86 through 6/30/89.

Owensboro Community College

McDannel, James H., Associate Professor in the Community College System (with tenure), Acting Director, 7/15/86.

Prestonsburg Community College

Garrett, Clara N., Associate Professor in the Community College System (with tenure), Chairman, Division of Biological Sciences and Related Technologies, 7/1/86 through 6/30/89.

Honshell, Phyllis B., Professor in the Community College System (with tenure), Chairman, Division of Humanities and Related Technologies, 7/1/86 through 6/30/89.

Milon, Theresa A., Assistant Professor in the Community College System, Chairman, Division of Social Sciences and Related Technologies, 7/1/86 through 6/30/88.

Southeast Community College

Ayers, W. Bruce, Professor in the Community College System (with tenure), Chairman, Division of Communications, Humanities, and Fine Arts, 7/1/86 through 6/30/89.

Guyn, H. Kathy, Assistant Professor in the Community College System, Chairman, Division of Biological Sciences and Related Technologies, 7/1/86 through 6/30/89.

C. PROMOTIONS

Ashland Community College

Bailey, Danny G., from Associate Professor in the Community College System (with tenure), to Professor in the Community College System (with tenure), 7/1/86.

Philpot, Mary K., from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Reed, Sharon Lee, from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Elizabethtown Community College

Cantrell, Charles C., from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Harper, Pamela, from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Hill, Camille C., from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Sisk, D. Wayne, from Assistant Professor in the Community College System, to Associate Professor in the Community College System (with tenure), 7/1/86.

Toohey, Robert E., from Associate Professor in the Community College System (with tenure), to Professor in the Community College System (with tenure), 7/1/86.

Hazard Community College

Crowe, Richard G., from Associate Professor in the Community College System (with tenure), to Professor in the Community College System (with tenure), 7/1/86.

Henderson Community College

Barber, Sandra P., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Hunt, Cathy S., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Mihankhah, Kianpour, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Riley, W. Allan, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Jefferson Community College

Arnold, Denise G., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Block, Jeanne, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Conkin, Barbara, from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.
Eubanks, Sandra, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Ford, Patricia R., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Matthias, Jeffrey C., from Librarian III in the Community College System to Librarian II in the Community College System (with tenure), 7/1/86.
Misbach, Michael, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Nelson, Sally, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Parker, Carrie C., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Schneiter, Lisa, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Wilkey, Billy G., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Lexington Community College

Anthony, Joseph G., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Bellack, Daniel R., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Blake, Robert J., from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.

Dameron, Arthur A., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Ghosal, Jitendra, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Jupin, Arvin, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86.

Lee, Paul E., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86.

McLaughlin, Mary J., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Webb, Carol T., from Associate Professor in the Community College System (with tenure), to Professor in the Community College System (with tenure), 7/1/86.

Madisonville Community College

Schuermer, David A., from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Maysville Community College

McMillan, James A., from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.

Paducah Community College

Downs, Donna, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86.

Johnson, Betty, from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.
Knoth, Marilyn, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Prestonsburg Community College

Bogale, Hailu, from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.
Whitaker, Thomas J., from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.

Somerset Community College

Brown, Alvis, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86.
Conaway, Vicki, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86

Southeast Community College

Buell, Elijah, from Assistant Professor in the Community College System to Associate Professor in the Community College System (with tenure), 7/1/86
Noe, Roger C., from Associate Professor in the Community College System (with tenure) to Professor in the Community College System (with tenure), 7/1/86.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

Ashland Community College

Carr, Olivia J., Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Evans, Sally J., Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Lester, Rose S., Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Salyers, Barbara, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.

Spradlin, Glenn, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87.
Valentine, A. Darrell, Instructor in the Community College System (voluntary), 8/1/86 through 6/30/87

Henderson Community College

Brady, Daniel E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Donahue, Victoria P., Instructor in the Community College System, 8/1/86 through 6/30/87.
Duffy, Sharon, Instructor in the Community College System, 8/1/86 through 6/30/87.
Patrick, Sue C., Instructor in the Community College System, 8/1/86 through 12/31/86.

Prestonsburg Community College

Graves, William H., Assistant Professor in the Community College System, 8/1/86 through 6/30/87.
Herrin, Versa Gay, Instructor in the Community College System, 8/1/86 through 6/30/87.
Rozovich, Jennifer J., Instructor in the Community College System, 8/1/86 through 6/30/87.
Saffari, Hassan, Assistant Professor in the Community College System, 8/1/86 through 6/30/87.
Sturgill, Monnette N., Instructor in the Community College System, 8/1/86 through 6/30/87.

Somerset Community College

Crabtree, Gloria L., Instructor in the Community College System, 8/1/86 through 6/30/87.
King, Betty, Instructor in the Community College System, 8/1/86 through 6/30/87.
Saeed, Najam, Instructor in the Community College System, 8/1/86 through 6/30/87.

B. ADMINISTRATIVE APPOINTMENTS

Elizabethtown Community College

Hill, Martha, Professor in the Community College System (with tenure), Acting Chairman, Division of Biological Science and Related Technologies, 7/1/86 through 6/30/87.

C. JOINT APPOINTMENTS

Hazard Community College

Baker, Barbara, Assistant Professor in the Community College System, joint appointment as Assistant Professor at Southeast Community College, 7/1/86 through 6/30/87.

Collins, Gwen, Assistant Professor in the Community College System, joint appointment as Assistant Professor at Southeast Community College, 7/1/86 through 6/30/87.
Combs, Donna, Assistant Professor in the Community College System, joint appointment as Assistant Professor at Southeast Community College, 7/1/86 through 6/30/87.
Cook, Alicia G., Instructor in the Community College System, joint appointment as Instructor at Southeast Community College, 7/1/86 through 6/30/87.

Southeast Community College

Guyn, Hazel K., Assistant Professor in the Community College System, joint appointment as Assistant Professor at Hazard Community College, 7/1/86 through 6/30/87.
Saylor, Ellen W., Assistant Professor in the Community College System, joint appointment as Assistant Professor at Hazard Community College, 7/1/86 through 6/30/87.

D. REAPPOINTMENTS

Ashland Community College

Albert, Georgia, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Barnett, Lysbeth A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Curran, Alice, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Davis, Virgil K., Instructor in the Community College System, 7/1/86 through 6/30/87.
Greene, Carol M., Librarian III in the Community College System, 7/1/86 through 6/30/87.
Jennings, Jeannette, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kendrick, Helen T., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
May, Rebekah D., Instructor in the Community College System, 7/1/86 through 6/30/87.
McCullough, Willie C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Nicholls, Barbara, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Rafiee, Farnoosh, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Shields, Theodore C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Shytle, Louise C., Instructor in the Community College System, 7/1/86 through 6/30/87.
Stewart, Kay B., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Elizabethtown Community College

Brangers, Peggy, Instructor in the Community College System, 7/1/86 through 6/30/87.
Dawson, Joe D., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Earles, Sandra M., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Eaton, Travis E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Finney, Gail Ann, Instructor in the Community College System, 7/1/86 through 6/30/87.
Hart, Edward D., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Howard, Linda G., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hunt, Allen N., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Jordan, Christopher L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kakolesha, Nyanguila, Instructor in the Community College System, 7/1/86 through 6/30/87.
Keith, Angela R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Murray, Josephine I., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Robinson, Charlene G., Instructor in the Community College System, 7/1/86 through 6/30/87.
Routt, Randell G., Instructor in the Community College System, 7/1/86 through 6/30/87.
Sisler, Peter H., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Stewart, Theresia B., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Tychonievich, Robert J., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Winslow, Celia, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Hazard Community College

Clark, Joseph, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Colegrove, Forrest, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Cornett, William T., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Fraley, Douglas, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Good, Jan, Instructor in the Community College System, 7/1/86 through 6/30/87.
Hurt, Valina Kay, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Osborne, Anne M., Instructor in the Community College System, 7/1/86 through 6/30/87.
Potter, Tammy, Instructor in the Community College System, 7/1/86 through 6/30/87.

Henderson Community College

Brauer, David F., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Carden, Stephen D., Instructor in the Community College System, 7/1/86 through 6/30/87.
Kelley, Robert E., Librarian IV in the Community College System, 7/1/86 through 6/30/87.
Moman, Richard V., Instructor in the Community College System, 7/1/86 through 6/30/87.
Pagan, Freida, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Payne, Elizabeth T., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Smith, Brent E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Thomas, James G., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Tweddell, Debra C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Wallace, Albert F., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Walters, Michael E., Librarian IV in the Community College System, 7/1/86 through 6/30/87.

Hopkinsville Community College

Barnes, Timothy D., Instructor in the Community College System, 7/1/86 through 6/30/87.
James, Mary H., Instructor in the Community College System, 7/1/86 through 6/30/87.
Miller, Judith G., Instructor in the Community College System, 7/1/86 through 6/30/87.
Pettit, Marion R., Instructor in the Community College System, 7/1/86 through 6/30/87.
Simmons, Patricia L., Instructor in the Community College System, 7/1/86 through 6/30/87.
Smith, Barbara S., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Strader, Cynthia O., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Jefferson Community College

Ashley, Barbara R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Bennett, Sharon K., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Besser, Mary P., Instructor in the Community College System, 7/1/86 through 6/30/87.
Breeding, David H., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Case, Patricia, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Casper, Martin H., Instructor in the Community College System, 7/1/86 through 6/30/87.
Chapman, Robert E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Cooper, David L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
DiNoto, Vincent A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Early, Glen, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Ecker, David P., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Elliott, Margo C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Fields, Ricky D., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
France, Annalisa L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Griswold, Rebecca Ann, Instructor in the Community College System, 7/1/86 through 6/30/87.
Hazelrigg, William R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Head, Juanita, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Heard, Viola K., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Himmelheber, Byron R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hines-Martin, Vicki, Instructor in the Community College System, 7/1/86 through 6/30/87.
Hotchkiss, Doreen E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Houchin, Martha, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hudson, Gloria D., Instructor in the Community College System, 7/1/86 through 6/30/87.
Jasper, Mary D., Instructor in the Community College System, 7/1/86 through 6/30/87.
Malone, Mary E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Mills, Stephen A., Instructor in the Community College System, 7/1/86 through 6/30/87.
Mordzak, Lucjan, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Noe, Phyllis, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Olsen, Bobby G., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Schlene, Vickie J., Librarian IV in the Community College System, 7/1/86 through 6/30/87.
Schmidt, Brenda B., Instructor in the Community College System, 7/1/86 through 6/30/87.
Scrogham, Bonnie J., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Shelburne, Linda J., Instructor in the Community College System, 7/1/86 through 6/30/87.
Sherrard, James A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Shively, Sue A., Instructor in the Community College System, 7/1/86 through 6/30/87.
Stewart, Richard, A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Sturman, Dolly A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Taylor, Barbara J., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Varner, Katy L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Wang, Lejen L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Wilburn, Mark S., Instructor in the Community College System, 7/1/86 through 6/30/87.

Lexington Community College

Allen, Margaret B., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Arnold, Keith, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Bahreini, Mohammad H., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Cagey, James P., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Crowley, Katherine, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Crowley, Lillie F., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
DeMers, Freda S., Instructor in the Community College System, 7/1/86 through 6/30/87.
Doty, Sarajane, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Edwards, Allen G., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Embry, Nolen U., Instructor in the Community College System, 7/1/86 through 6/30/87.
Fields, Morris P., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Freed, Michele M., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Gornto, Robin, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hicks, Janet M., Instructor in the Community College System, 7/1/86 through 6/30/87.
Holt, Daniel L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Horger, Helene, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Humble, Jeanne, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kavanaugh, Susan, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kelly, Debra H., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kincer, Ronald D., Instructor in the Community College System, 7/1/86 through 6/30/87.
Knox, Patricia, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Leonard, Cynthia, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Marshall, Dennis F., Instructor in the Community College System, 7/1/86 through 6/30/87.
Mohanty, Sarat, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Odong-Wodolam, Vincent, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Oliver, Randall L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Phillips, Joseph W., Librarian III in the Community College System, 7/1/86 through 6/30/87.
Potts, Michael C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Sabouni, Ali R., Instructor in the Community College System, 7/1/86 through 6/30/87.
Scorsone, Analy, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Sechrist, Scott R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Stewart, Jack C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Smith, Gladys F., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Weill, Lawrence V., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Young, Gene C., Instructor in the Community College System, 7/1/86 through 6/30/87.

Madisonville Community College

Alward, Emily J., Librarian IV in the Community College System, 7/1/86 through 6/30/87.
Burkart, Charles H., Librarian III in the Community College System, 7/1/86 through 6/30/87.
Clayton, Donald O., Instructor in the Community College System, 7/1/86 through 6/30/87.
Cox, Deborah M., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Cureton, Mary A., Instructor in the Community College System, 7/1/86 through 6/30/87.
Dean, Jack M., Instructor in the Community College System, 7/1/86 through 6/30/87.
Hailey, William J., Instructor in the Community College System, 7/1/86 through 6/30/87.
Jewell, Gregory W., Instructor in the Community College System, 7/1/86 through 6/30/87.
Love, Ronna L., Instructor in the Community College System, 7/1/86 through 6/30/87.
Oglesby, Sarah A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Shubiak, Bonnie J., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Simms, Helen L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Smith, LeeClair E., Instructor in the Community College System, 7/1/86 through 6/30/87.
Stone, Forest E., Instructor in the Community College System, 7/1/86 through 6/30/87.
Thomas, Linda J., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Tucker, Sandra B., Instructor in the Community College System, 7/1/86 through 6/30/87.

Maysville Community College

Appelman, Mollie S., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Doster, Steven J., Instructor in the Community College System, 7/1/86 through 6/30/87.
Duffy, Michael R., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kilgore, Tara C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Koehler, Michael W., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Thomas, Stephen R., Instructor in the Community College System, 7/1/86 through 6/30/87.

Paducah Community College

Blagg, Jacqueline, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Bradshaw, Kenneth, Librarian III in the Community College System, 7/1/86 through 6/30/87.
Cartwright, Christopher, Instructor in the Community College System, 7/1/86 through 6/30/87.
Downs, Lisa, Instructor in the Community College System, 7/1/86 through 6/30/87.
Freeman, Susan E., Instructor in the Community College System, 7/1/86 through 6/30/87.
Houston, Jonia Lisa, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Kepner, Mary K., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Lengsfield, Diane M., Instructor in the Community College System, 7/1/86 through 6/30/87.
Mehdi, Tony, Instructor in the Community College System, 7/1/86 through 6/30/87.
Payne, Tena B., Instructor in the Community College System, 7/1/86 through 6/30/87.
Potter, William J., Instructor in the Community College System, 7/1/86 through 6/30/87.
Taylor, Susan D., Instructor in the Community College System, 7/1/86 through 6/30/87.
Thompson, Ann W., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Treece, Janet L., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Prestonsburg Community College

Adams, Alice B., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Crosby, Richard M., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Davis, Joel D., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hernandez, Teresa, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Madden, Darrell E., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Matijasic, Thomas D., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Milon, Theresa A., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Parsons, Marie, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Pocta, Denise M., Instructor in the Community College System, 7/1/86 through 6/30/87.
Rice, Teresa H., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Sabella, Carol A., Librarian III in the Community College System, 7/1/86 through 6/30/87.

Sione, Kenneth R., Instructor in the Community College System, 7/1/86 through 6/30/87.
Sommer, Dorothy C., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Stewart, Kathy C., Instructor in the Community College System, 7/1/86 through 6/30/87.
Tabariasl, Hamid, Instructor in the Community College System, 7/1/86 through 6/30/87.
Travis, Sandra O., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Somerset Community College

Armstrong, Anthony, Instructor in the Community College System, 7/1/86 through 6/30/87.
Blevins, Jo, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Cornett, Richard, Instructor in the Community College System, 7/1/86 through 6/30/87.
Cronan, C. Ernest, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Owens, Catherine M., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Wolfe, James, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Southeast Community College

Bishop, Yvonne G., Instructor in the Community College System, 7/1/86 through 6/30/87.
Edwards, Jim, Instructor in the Community College System, 7/1/86 through 6/30/87.
Gilliam, Terry, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Guyn, Hazel K., Assistant Professor in Community College System, 7/1/86 through 6/30/87.
Hogue, Scott, Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Robinson, Carl C., Instructor in the Community College System, 7/1/86 through 6/30/87.
Sampson, Marlon R., Instructor in the Community College System, 7/1/86 through 6/30/87.
Saylor, Ellen W., Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Tolliver, Delmar S., Instructor in the Community College System, 7/1/86 through 6/30/87.
Waddell, Janet, Instructor in the Community College System, 7/1/86 through 6/30/87.
Wilson, Odell, Instructor in the Community College System, 7/1/86 through 6/30/87.

E. PROMOTIONS WITHOUT TENURE

Ashland Community College

Christian, Janice, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Elliott, Terry G., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Lester, Barbara P., from Instructor in the Community College System, to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Nunley, G. Scott, from Instructor in the Community College System, to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Elizabethtown Community College

Spataro, Charles P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Ward, Freida J., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Hazard Community College

Collins, Gwen, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Combs, Donna, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Petrey-Blandau, Sandra, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Sauer, Robert L., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Henderson Community College

Allen, Jane P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Bishop, Fern G., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Hale, Stanley J., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Wilder, Mary Gail, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Hopkinsville Community College

McClure, Michael W., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Jefferson Community College

Benson, Kimberly, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Bingham, Marti P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Bonnell, Loretta G., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Brown, Robert P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Brown, Sarah E., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Furr, LeRoy A., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Hancock, Joyce A., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Holland, David L., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Jackson, Cheryl, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

King, Sandra L., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Mao, Chung-Hsing, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Peterson, Stephanie M., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Prather, Mark C., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Recktenwald, Rita G., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Warren, Frances O., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Wilson, Janet N., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Lexington Community College

Robison, Janet R., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Singleton, Debbie, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Subramanian, Seetha, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Madisonville Community College

Cundiff, Brenda M., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Robins, Luke P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Trover, Michael J., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
West, Marlena K., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Maysville Community College

Booth, Beverly M., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.
Houser, Jean P., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Paducah Community College

Harris, Peggy L., from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Heflin, Connie, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Somerset Community College

Powell, Nancy, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

Tiwari, Braj, from Instructor in the Community College System to Assistant Professor in the Community College System, 7/1/86 through 6/30/87.

F. TERMINAL REAPPOINTMENTS

Paducah Community College

Nesteby, James S., Instructor in the Community College System, 7/1/86 through 6/30/87.

LEXINGTON CAMPUS

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Hansen, Gary L., Assistant Extension Professor, Rural Sociology, 7/1/86 through 6/30/87.
Williams, Elizabeth G., Professor (with tenure), Agronomy, effective 7/1/86.
Wilson, Marijo E., Assistant Professor, Entomology, 7/14/86 through 6/30/87.

College of Arts and Sciences

Heinricher, Arthur, Assistant Professor, Mathematics, 8/16/86 through 6/30/88.
Trimble, Selden, Visiting Associate Professor, Mathematics, 8/16/86 through 12/31/86.
Williams, Bruce A., Associate Professor (with tenure), Political Science, effective 1/1/87.

College of Business and Economics

Bobko, Philip, Associate Professor (with tenure), Management, effective 8/16/86.
Chung, Hae Wang, Assistant Professor, Management, 8/16/86 through 6/30/87.
Johnson, Nancy Brown, Instructor, Management, 8/16/86 through 6/30/87.

College of Communications

Levitt, Steven R., Assistant Professor, Telecommunications, 8/16/86 through 6/30/87.

College of Engineering

Serrano, Sergio, Assistant Professor, Civil Engineering, 4/1/86 through 6/30/87.

College of Law

Winslow, Donald A., Assistant Professor, 8/16/86 through 6/30/87.

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*Special Title Series

B. ADMINISTRATIVE APPOINTMENTS

College of Agriculture

Christenson, James A., Professor (with tenure), Sociology, reappointed Chairman, Sociology, College of Agriculture, and College of Arts and Sciences, 7/1/86 through 6/30/90.

College of Arts and Sciences

Allen, David M., Professor (with tenure), Statistics, appointed Chairman, Statistics, 7/1/86 through 6/30/90.

Anderson, Roger B., Associate Professor (with tenure), Russian and Eastern Studies, appointed Chairman, Russian and Eastern Studies, 7/1/86 through 6/30/90.

Crawford, Eugene, C., Professor (with tenure), Biological Sciences, appointed Director, Biological Sciences, 7/1/86 through 6/30/90.

DeWalt, Billie R., Professor (with tenure), Anthropology, appointed Chairman, Anthropology, 7/1/86 through 6/30/90.

Gariepy, Ronald, Professor (with tenure), Mathematics, appointed Chairman, Mathematics, 7/1/86 through 6/30/90.

Olshewsky, Thomas M., Professor (with tenure), Philosophy, appointed Chairman, Philosophy, 7/1/86 through 6/30/90.

College of Engineering

Okazaki, Kenji, Professor (with tenure), Metallurgical Engineering and Materials Science, appointed Chairman, Metallurgical Engineering and Materials Science, 7/1/86 through 6/30/90.

Graduate School

Claycomb, James E., appointed Associate Director for Administration, Tobacco and Health Research Institute, effective 4/1/86.

College of Law

Eberle, Todd B., appointed Associate Dean and Director for Continuing Legal Education, 7/1/86 through 6/30/88.

Undergraduate Studies

Betts, Raymond F., Professor (with tenure), History, College of Arts and Sciences, reappointed Director, Honors, 7/1/86 through 6/30/88.

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*Special Title Series

C. REAPPOINTMENTS

College of Agriculture

Murphy, William E., Associate Extension Professor (without tenure), Agricultural Engineering, 7/1/86 through 6/30/87.

College of Arts and Sciences

Rauszer, Cecylia, Visiting Associate Professor, Computer Science 7/1/86 through 6/30/87.

College of Business and Economics

McNeese, Robert W., Associate Professor (part-time), Accounting 8/16/86 through 5/15/87.

Pope, Thomas R., Associate Professor (without tenure), Accounting, 7/1/86 through 6/30/87.

Provan, Keith G., Associate Professor (without tenure), Management, and Associate Professor (without tenure), Preventive Medicine and Environmental Health, College of Medicine, 7/1/86 through 6/30/87.

College of Education

Oldham, Ben, Associate Adjunct Professor, Educational and Counseling Psychology, 7/1/86 through 6/30/88.

College of Engineering

Carter, Joseph C., Associate Professor (part-time), Mechanical Engineering, 7/1/86 through 6/30/87.

D. GRANTING OF TENURE

College of Business and Economics

Officer, Dennis T., from Associate Professor (without tenure), Finance, to Associate Professor (with tenure), Finance, effective 7/1/86.

E. PROMOTIONS

College of Agriculture

Allen, George P., from Associate Professor (with tenure), Veterinary Science, to Professor (with tenure), Veterinary Science, effective 7/1/86.

Davis, Joe T., from Associate Professor (with tenure), Agricultural Economics, to Professor (with tenure), Agricultural Economics, effective 7/1/86.

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*Special Title Series

Ghabrial, Said A., from Associate Professor (with tenure), Plant Pathology, to Professor (with tenure), Plant Pathology, effective 7/1/86.

Heaton, Linda M., from Assistant Extension Professor (without tenure), Home Economics Extension, to Associate Extension Professor (with tenure), Home Economics Extension, effective 7/1/86.

Heersche, George, Jr., from Associate Extension Professor (with tenure), Animal Sciences, to Extension Professor (with tenure), Animal Sciences, effective 7/1/86.

McNiel, Robert E., from Associate Extension Professor (with tenure), Horticulture and Landscape Architecture, to Extension Professor (with tenure), Horticulture and Landscape Architecture, effective 7/1/86.

Skees, Jerry R., from Assistant Professor (without tenure), Agricultural Economics, to Associate Professor (with tenure), Agricultural Economics, effective 7/1/86.

Smith, David A., from Associate Professor (with tenure), Plant Pathology, to Professor (with tenure), Plant Pathology, effective 7/1/86.

Southerland, Robert J., from Assistant Professor (without tenure), Horticulture and Landscape Architecture, to Associate Professor (with tenure), Horticulture and Landscape Architecture, effective 7/1/86.

Warner, Richard C., from Assistant Extension Professor (without tenure), Agricultural Engineering, to Associate Extension Professor (with tenure), Agricultural Engineering, effective 7/1/86.

Wells, Larry G., from Associate Professor (with tenure), Agricultural Engineering, to Professor (with tenure), Agricultural Engineering, effective 7/1/86.

College of Arts and Sciences

Kryscio, Richard J., from Associate Professor (with tenure), Statistics, to Professor (with tenure), Statistics, effective 7/1/86.

Olson, Robert W., from Associate Professor (with tenure), History, to Professor (with tenure), History, effective 7/1/86.

College of Business and Economics

Skinner, Steven J., from Assistant Professor (without tenure), Marketing, to Associate Professor (with tenure), Marketing, effective 7/1/86.

College of Communications

Clark, Maria Braden, from Assistant Professor (without tenure)*, Journalism, to Associate Professor (with tenure)*, Journalism, effective 7/1/86.

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*Special Title Series

Lindlof, Thomas R., from Assistant Professor (without tenure), Telecommunications, to Associate Professor (with tenure), Telecommunications, effective 7/1/86.

College of Education

Anglin, Gary, from Assistant Professor (without tenure), Curriculum and Instruction, to Associate Professor (with tenure), Curriculum and Instruction, effective 7/1/86.

Bridge, Connie A., from Associate Professor (with tenure), Curriculum and Instruction, to Professor (with tenure), Curriculum and Instruction, effective 7/1/86.

Page, Judith L., from Assistant Professor (without tenure), Special Education, to Associate Professor (with tenure), Special Education, effective 7/1/86.

Libraries

Welch, Mary H., from Librarian II (with tenure), Cataloging, to Librarian I (with tenure), Cataloging, effective 7/1/86.

F. CHANGES

College of Agriculture

Murphy, William E., Associate Extension Professor (without tenure), Agricultural Engineering, to change dates of appointment from 1/15/86 through 6/30/86 to 2/1/86 through 6/30/86.

Willett, Joseph W., from Visiting Professor (full-time), Agricultural Economics, to Professor (part-time), Agricultural Economics, 7/1/86 through 12/31/86.

College of Arts and Sciences

Helmes, Kurt, from Visiting Associate Professor, Mathematics, to Associate Professor (without tenure), Mathematics, 7/1/86 through 6/30/88.

College of Fine Arts

Carpenter, Dennis W., from Associate Professor (with tenure) Architecture, and Associate Professor (without tenure), Art, College of Fine Arts, to Associate Professor (with tenure), Art, College of Fine Arts, effective 7/1/86.

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*Special Title Series

G. RETIREMENTS

College of Agriculture

Noble, Milton, Research Specialist, Forestry, after 28.5 consecutive years of service, effective 7/31/86.

College of Arts and Sciences

Cutter, Walter A., Electronic Technician III, Language Laboratory, after 17 consecutive years of service, effective 5/26/86.

Delap, John A., Student Affairs Officer IV, Administration, after 17 consecutive years of service, effective 7/31/86.

Vice Chancellor for Administration

Scott, Edgar, Disabled Staff, Employee Benefits and Risk Management, after 19 consecutive years of service, effective 7/31/86.

H. EARLY RETIREMENTS

College of Education

Rankin, Earl, Professor (with tenure), Educational and Counseling Psychology, after 18 consecutive years of service, effective 6/30/86.

College of Fine Arts

Rankin, Carolyn M., Assistant Professor (with tenure)*, Music, after 18 consecutive years of service, effective 6/30/86.

Vice Chancellor for Administration

Mitchell, Louis T., Custodial Worker IV, Services, Physical Plant Division, after 19 consecutive years of service, effective 8/1/86.

Reister, Mildred A., Staff Assistant VI, Auxiliary Services, after 26 consecutive years of service, effective 7/7/86.

Vice Chancellor for Student Affairs

Blake, Eliza M., Custodial Worker I, Student Center Director's Office, Dean of Students, after 17.5 consecutive years of service, effective 6/17/86.

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*Special Title Series

I. POST-RETIREMENT APPOINTMENTS

College of Agriculture

Jeter, Sue, Account Clerk (part-time), Business Office, 7/1/86 through 6/30/87.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Architecture

Clary, Mark Stephen, Visiting Assistant Professor, 8/16/86 through 5/15/87.

College of Arts and Sciences

Bachas, Leonidas G., Assistant Professor, Chemistry, 8/16/86 through 6/30/88.
Caldwell, Niall G., Assistant Professor, Philosophy, 8/16/86 through 5/31/87.
Chlopan, Richard R., Instructor, Computer Science, 8/16/86 through 6/30/87.
Fine, Jonathan, Assistant Professor, Mathematics, 8/16/86 through 5/31/87.
Guarr, Thomas F., Assistant Professor, Chemistry, 8/16/86 through 6/30/88.
Hatch, Laurie Russell, Assistant Professor, Sociology, 8/16/86 through 6/30/88.
Huckaba, Sam, Assistant Professor, Mathematics, 8/16/86 through 5/31/87.
Jahangiri, Massoud, Assistant Professor, Mathematics, 8/16/86 through 5/31/87.
Jeyakumar, Vaithilingam, Assistant Professor, Mathematics, 8/16/86 through 5/30/87.
McMillan, Della, Assistant Professor, Anthropology, 8/16/86 through 6/30/87.
Peim, Martin David, Assistant Professor, Mathematics, 8/16/86 through 5/30/87.
Rhodes, Susan, Assistant Professor, Political Science, 8/16/86 through 6/30/88.
Ross, Andrew L., Assistant Professor, Political Science, 8/16/86 through 6/30/88.
Schatzki, Theodore R., Assistant Professor, Philosophy, 8/16/86 through 6/30/87.
Suesse, Sigrid, Assistant Professor, Computer Science, 8/16/86 through 6/30/87.

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*Special Title Series

College of Education

Goldstein, Beth Leah, Assistant Professor, Educational Policy Studies and Evaluation, 7/1/86 through 6/30/88.
Powell, Ronald L., Assistant Professor, Vocational Education, 8/16/86 through 5/15/87.

B. ADMINISTRATIVE APPOINTMENTS

College of Education

Page, Judith L., Associate Professor (with tenure), Special Education, appointed Acting Chairman, Special Education, 7/1/86 through 6/30/87.

College of Engineering

Blythe, David K., Professor (with tenure), Civil Engineering, appointed Acting Chairman, Mining Engineering, 7/1/86 through 6/30/87.

C. REAPPOINTMENTS

College of Agriculture

Archbold, Douglas, Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Burmeister, Larry L., Assistant Professor, Sociology, 7/1/86 through 6/30/87.
Cervelli, Janice A., Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Darden, Douglas W., Assistant Extension Professor, Public Information, 7/1/86 through 6/30/87.
Fitzgerald, Barry P., Assistant Professor, Veterinary Science, 7/1/86 through 6/30/87.
Gates, Richard S., Assistant Extension Professor, Agricultural Engineering, 7/1/86 through 6/30/87.
Geneve, Robert L., Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Houtz, Robert L., Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Ilvento, Thomas W., Assistant Extension Professor, Sociology, 7/1/86 through 6/30/87.
Jackson, James A., Assistant Professor, Animal Sciences, 7/1/86 through 6/30/87.
Jackson, Stephen G., Assistant Professor, Animal Sciences, 7/1/86 through 6/30/87.
Jones, Richard Terry, Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Means, Warrie J., Assistant Extension Professor, Animal Sciences, 7/1/86 through 6/30/87.

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*Special Title Series

Nall, Martha, Assistant Extension Professor, Home Economics Extension, 7/1/86 through 6/30/87.
Nichols, Carla G., Assistant Extension Professor, Animal Sciences, 7/1/86 through 6/30/87.
Powell, David G., Assistant Extension Professor, Veterinary Science, 7/1/86 through 6/30/87.
Riddell, Daniel O., Assistant Extension Professor, Animal Sciences, 7/1/86 through 6/30/87.
Schardl, Christopher L., Assistant Professor, Plant Pathology, 4/1/86 through 6/30/87.
Schillo, Keith K., Assistant Professor, Animal Sciences, 7/1/86 through 6/30/87.
Silvia, William J., Assistant Professor, Animal Sciences, 7/1/86 through 6/30/87.
Swanson, Louis E., Jr., Assistant Professor, Sociology, and Sociology, College of Arts and Sciences, 7/1/86 through 6/30/87.
Stegelin, Forrest E., Assistant Extension Professor, Agricultural Economics, 7/1/86 through 6/30/87.
Turner, Larry W., Assistant Extension Professor, Agricultural Engineering, 7/1/86 through 6/30/87.
Weston, Leslie A., Assistant Professor, Horticulture and Landscape Architecture, 7/1/86 through 6/30/87.
Witham, Deborah B., Assistant Research Professor, Public Information, 7/1/86 through 6/30/87.
Wood, Craig H., Assistant Extension Professor, Animal Sciences, 7/1/86 through 6/30/87.

College of Arts and Sciences

Altman, Tom, Assistant Professor, Computer Science, 7/1/86 through 6/30/88.
Baer, Ruth A., Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Bardo, Michael Thomas, Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Berry, David T. R., Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Brown, David M., Instructor, Computer Science, 7/1/86 through 6/30/87.
Chao, Chern-Ching, Assistant Professor, Statistics, 7/1/86 through 6/30/88.
Clouthier, Dennis J., Assistant Professor, Chemistry, 7/1/86 through 6/30/88.
Cohen, Jonathan P., Assistant Professor, Statistics, 7/1/86 through 6/30/88.
Hamilton, David E., Assistant Professor, History, 7/1/86 through 6/30/88.
Hogan, Patrick Colm, Assistant Professor, English, 7/1/86 through 6/30/87.
Holcomb, Harmon R., III, Assistant Professor, Philosophy, 7/1/86 through 6/30/87.

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*Special Title Series

Hudak, Thomas, Assistant Professor, English, 7/1/86 through 6/30/87.
Kravitz, David A., Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Leep, David B., Assistant Professor, Mathematics, 7/1/86 through 6/30/88.
McKnight, Phillip S., Assistant Professor, German, 7/1/86 through 6/30/88.
Milich, Richard S., Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Olsen, Lance, Assistant Professor, English, 7/1/86 through 6/30/88.
Olster, David M., Assistant Professor, History, and Assistant Professor, Honors, Undergraduate Studies, 7/1/86 through 6/30/88.
O'Sullivan, Chris, Assistant Professor, Psychology, 7/1/86 through 6/30/87.
Quandt, Sara A., Assistant Professor, Anthropology, 7/1/86 through 6/30/88.
Reichel, Lothar, Assistant Professor, Mathematics, 7/1/86 through 6/30/88.
Smith, Patricia G., Assistant Professor, Philosophy, 7/1/86 through 6/30/87.
Taub, Liba Chaia, Instructor, History, 8/16/86 through 5/31/87.
Truszczynski, Miroslaw, Visiting Assistant Professor, Computer Science, 7/1/86 through 6/30/87.
van den Broek, Paul, Assistant Professor, Psychology, 7/1/86 through 6/30/87.

College of Business and Economics

Anglin, Paul M., Assistant Professor, Economics, 7/1/86 through 6/30/87.
Black, Dan A., Assistant Professor, Economics, 7/1/86 through 6/30/87.
Bokemeier, L. Charles, Assistant Professor, Accounting, 7/1/86 through 6/30/87.
Born, Jeffery A., Assistant Professor, Finance, 7/1/86 through 6/30/87.
Chung, Chen Hua, Assistant Professor, Management, 7/1/86 through 6/30/87.
Courtenay, Stephen M., Assistant Professor, Accounting, 7/1/86 through 6/30/87.
di Benedetto, Anthony C., Assistant Professor, Marketing, 7/1/86 through 6/30/87.
Dollinger, Marc J., Assistant Professor, Management, 7/1/86 through 6/30/87.
Feltus, Oliver L., Instructor, Accounting, 7/1/86 through 6/30/87.
Garen, John E., Assistant Professor, Economics, 7/1/86 through 6/30/87.

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*Special Title Series

Holland, A. Steven, Assistant Professor, Economics, 7/1/86 through 6/30/87.
Howe, Lee Vincent, Assistant Professor, Marketing, 7/1/86 through 6/30/87.
Keller, Stuart B., Assistant Professor, Accounting, 7/1/86 through 6/30/87.
Maurer, Steven D., Assistant Professor, Management, 7/1/86 through 6/30/87.
Poe, Clyde Douglas, Assistant Professor, Accounting, 7/1/86 through 6/30/87.
Shaw, Karyll N., Assistant Professor, Management, 7/1/86 through 6/30/87.
Whittler, Tommy E., Assistant Professor, Marketing, 7/1/86 through 6/30/87.

College of Communications

Ray, Eileen B., Assistant Professor, Communication, 7/1/86 through 6/30/87.
Sypher, Beverly D., Assistant Professor, Communication, 7/1/86 through 6/30/87.
Weaver, James B., III, Assistant Professor, Telecommunications, 7/1/86 through 6/30/87.

College of Education

Bott, Deborah A., Assistant Professor, Special Education, 7/1/86 through 6/30/88.
Sexton, Robert, Assistant Adjunct Professor, Educational Policy Studies and Evaluation, 7/1/86 through 6/30/88.

College of Engineering

Tao, Deh C., Lecturer (part-time), Mechanical Engineering, 8/16/86 through 5/15/87.
Tsang, Tate T. H., Assistant Professor, Chemical Engineering 7/1/86 through 6/30/88.

Libraries

Ford, Harriet L., Librarian IV (part-time), Social Work Reading Room, 7/1/86 through 6/30/87.

College of Library and Information Science

Pollard, Richard, Assistant Professor, 7/1/86 through 6/30/87.

University Extension

Taylor, Ronald D., Assistant Professor, Fort Knox, 7/1/86 through 6/30/87.

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*Special Title Series

D. CHANGES

College of Arts and Sciences

Hofling, Charles A., from Assistant Professor (temporary), Anthropology, to Assistant Professor (tenure-track), Anthropology, 7/1/86 through 6/30/87.

Libraries

Goode, Joanne M., from Librarian IV (temporary), Mathematics Library, to Librarian IV (tenure-track), Mathematics Library, 7/1/86 through 6/30/87.

E. TERMINAL REAPPOINTMENTS

College of Agriculture

Smith, Patty Rai, Assistant Extension Professor, Home Economics Extension, 7/1/86 through 6/30/87.

College of Arts and Sciences

Lorch, Elizabeth P., Assistant Professor, Psychology, 7/1/86 through 6/30/87.

College of Business and Economics

Moser, James T., Instructor, Finance, 7/1/86 through 6/30/87.

College of Education

Lacefield, Warren E., Assistant Professor, Educational Policy Studies and Evaluation, 7/1/86 through 6/30/87.

College of Library and Information Science

Bellardo, Trudi, Assistant Professor, 7/1/86 through 12/31/87.

F. LEAVES OF ABSENCE

College of Agriculture

Teague, Douglas P., County Extension Agent, Cooperative Extension Service, Sabbatical leave with full salary, 9/19/86 through 12/19/86 and 1/19/87 through 4/16/87.

College of Architecture

West, Mark, Assistant Professor, Leave without pay, 7/1/86 through 6/30/87.

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*Special Title Series

College of Arts and Sciences

Chao, Chern-Ching, Assistant Professor, Statistics, Leave without pay, 7/1/86 through 6/30/87.
Ferm, John C., Professor (with tenure), Geology, Sabbatical leave with full salary, 7/1/86 through 12/31/86.
Hall, James B., Professor (with tenure), English, Sabbatical leave with full salary, 7/1/86 through 12/31/86.
Hudak, Thomas J., Assistant Professor, English, Leave without pay, 7/1/86 through 6/30/87.
Nelson, Daniel N., Professor (with tenure), Political Science, Leave without pay, 1/1/86 through 6/30/87.
Schankula, Henry A. S., Associate Professor (with tenure), Philosophy, Sabbatical leave with half salary, 7/1/86 through 6/30/87.
Shawcross, John T., Professor (with tenure), English, Leave without pay, 7/1/86 through 6/30/87.
Stanton, Edward F., Associate Professor (with tenure), Spanish and Italian, Sabbatical leave with full salary, 7/1/86 through 12/31/86.

College of Business and Economics

Chew, It-Keong, Associate Professor (with tenure), Finance, Sabbatical leave with full salary, 7/1/86 through 12/31/86.
Silver, J. Lew, Assistant Professor, Economics, Leave without pay, 7/1/86 through 6/30/87.
Stober, William J., Professor (with tenure), Economics, Sabbatical leave with full salary, 7/1/86 through 12/31/86.

College of Communications

Bostrom, Robert N., Professor (with tenure), Communication, Leave without pay, 3/16/87 through 6/10/87.

College of Education

Anglin, Gary, Associate Professor (with tenure), Curriculum and Instruction, Sabbatical leave with full salary, 7/1/86 through 12/31/86.

College of Engineering

Leon, Benjamin J., Professor (with tenure), Electrical Engineering, Sabbatical leave with half salary, 7/1/86 through 6/30/87.
Swilski, Anthony B., Associate Professor (with tenure), Mining Engineering, Sabbatical leave with half salary, 1/1/87 through 12/31/87.

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*Special Title Series

College of Home Economics

McMahon, Pamela, Assistant Professor*, Nutrition and Food Science, Leave without pay, 7/1/86 through 6/30/87.
Snadon, Patrick, Associate Professor (with tenure), Human Environment: Design, Sabbatical leave with half salary, 7/1/86 through 12/31/86.

College of Library and Information Science

Cazden, Robert E., Professor (with tenure), Sabbatical leave with full salary, 7/1/86 through 12/31/86.
Terhune, Joy E., Associate Professor (with tenure)*, Sabbatical leave with full salary, 1/1/87 through 6/30/87.

*Special Title Series

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Nursing

Christman, Norma J., Associate Professor (without tenure), 7/1/86 through 6/30/87.

B. ADMINISTRATIVE APPOINTMENTS

College of Dentistry

Bean, Laurence, Professor (with tenure) and Chairperson, Oral Diagnosis and Oral Medicine, named Acting Chairperson, Oral Diagnosis and Oral Medicine, 5/1/86 through 6/30/87.

Costich, Emmett R., Professor (with tenure), Oral and Maxillofacial Surgery, named Acting Dean, College of Dentistry, 6/2/86 through 6/30/87.

College of Medicine

Cowen, David L., Professor (with tenure), Rehabilitation Medicine, joint as Professor (without tenure), Medicine, reappointed Acting Chairperson, Ophthalmology, 7/1/86 through 6/30/87.

David, Alan K., Associate Professor* (with tenure) and Acting Chairperson, Family Practice, named Chairperson, Family Practice, 7/1/86 through 6/30/92.

DeKosky, Steven T., Assistant Professor (with tenure), Neurology, joint as Assistant Professor (without tenure), Anatomy, reappointed Acting Chairperson, Neurology, 6/8/86 through 12/31/86.

Frazier, Donald T., Professor (with tenure) and Chairperson, Physiology & Biophysics, reappointed Chairperson, Physiology & Biophysics, 7/1/86 through 6/30/92.

Middleton, Jayne, Director, Educational Development and Acting Associate Dean for Education, Office of Dean, named Associate Dean for Education, and Director, Educational Development, Office of Dean, effective 7/1/86.

Noonan, Jacqueline, Professor (with tenure) and Chairperson, Pediatrics, named Acting Chairperson, Pediatrics, 7/1/86 through 6/30/87.

Robertson, H. David, Associate Professor* (with tenure) and Acting Chairperson, Emergency Medicine, named Chairperson, Emergency Medicine, 7/1/86 through 6/30/92.

Thompson, John S., Professor (with tenure) and Chairperson, Medicine, reappointed Chairperson, Medicine, 7/1/86 through 6/30/92.

*Special Title Series

Support Units

Kimmel, Harry F., Construction Inspector I, Physical Plant Division, effective 6/7/86.

C. REAPPOINTMENTS

College of Allied Health Professions

Butler, Frank A., Associate Professor (Adjunct) (without tenure), Community Health, 7/1/86 through 6/30/87.

College of Dentistry

Beckner, Archie W., Associate Clinical Professor (voluntary), Periodontics, 7/1/86 through 6/30/87.
Carnes, Bobby G., Associate Clinical Professor (voluntary), Endodontics, 7/1/86 through 6/30/87.
Daugherty, Joe W., Associate Professor (part-time), Oral and Maxillofacial Surgery, 7/1/86 through 6/30/87.
Green, W. Spalding, Jr., Associate Professor (part-time), Oral Diagnosis and Oral Medicine, joint as Associate Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.
Kaplan, Alan L., Associate Professor (Adjunct) (without tenure), Community Dentistry, 7/1/86 through 6/30/87.
Lange, Karl W., Associate Professor (part-time), Prosthodontics, joint as Associate Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.
Lewis, Gene P., Associate Clinical Professor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Lutz, Bernard L., Associate Professor (part-time), Restorative Dentistry, 7/1/86 through 6/30/87.
Newsome, Oakie G., Associate Clinical Professor (voluntary), Periodontics, 7/1/86 through 6/30/87.
Ownby, Harold, Associate Clinical Professor (voluntary), Endodontics, 7/1/86 through 6/30/87.
Trinler, Daniel R., Associate Professor (part-time), Periodontics, 7/1/86 through 6/30/87.

College of Medicine

Belin, Robert P., Clinical Professor (part-time), Surgery, joint as Clinical Professor (part-time), Pediatrics, 7/1/86 through 6/30/87.
Dougherty, John A., Associate Professor (Adjunct) (without tenure), Psychiatry, joint as Associate Professor (Adjunct) (without tenure), Pharmacology, 7/1/86 through 6/30/87.
Garden, John W., Associate Clinical Professor (part-time), Ophthalmology, 7/1/86 through 6/30/87.
Gerson, Kenneth L., Associate Clinical Professor (part-time), Pediatrics, 7/1/86 through 6/30/87.

*Special Title Series

Holland, Nancy H., Clinical Professor (part-time), Pediatrics, 7/1/86 through 6/30/87.
Kielar, Richard A., Associate Clinical Professor (part-time), Ophthalmology, 7/1/86 through 6/30/87.
Leavell, Ullin W., Clinical Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Leichter, Steven B., Associate Clinical Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Lorman, James G., Clinical Professor (part-time), Diagnostic Radiology, 7/1/86 through 6/30/87.
MacFarlane, Noble T., Associate Clinical Professor (part-time), Pediatrics, joint as Associate Clinical Professor, Rehabilitation Medicine, 7/1/86 through 6/30/87.
Mayer, Lloyd D., Clinical Professor (part-time), Medicine 7/1/86 through 6/30/87.
Mazzoleni, Alberto, Associate Professor (Adjunct) (without tenure), Medicine, 7/1/86 through 6/30/87.
Mersack, Ira P., Associate Clinical Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Reusche, Juan, Associate Clinical Professor (part-time), Radiation Medicine, 7/1/86 through 6/30/87.
Roach, Benjamin F., Clinical Professor (part-time), Family Practice, 7/1/86 through 6/30/87.
Roeckel, Irene J., Clinical Professor (part-time), Pathology, 7/1/86 through 6/30/87.
Sklar, Allen L., Associate Professor (Adjunct) (without tenure), Family Practice, 7/1/86 through 6/30/87.
Timmons, Edward H., Associate Professor (Adjunct) (without tenure), Physiology & Biophysics, joint as Associate Professor (Adjunct), Veterinary Science, College of Agriculture, 7/1/86 through 6/30/87.
Wolf, Betty L., Associate Clinical Professor (part-time), Pediatrics, 7/1/86 through 6/30/87.

College of Nursing

Dozier, Suzanne, Associate Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Hazzard, Mary Elizabeth, Associate Professor (Adjunct) (without tenure), 7/1/86 through 6/30/87.

D. PROMOTIONS

College of Allied Health Professions

Wildman, Robert J., from Assistant Professor* (without tenure), Physician Assistant Studies, to Associate Professor* (with tenure), Physician Assistant Studies, effective 7/1/86.

*Special Title Series

College of Medicine

McClain, Craig J., from Associate Professor (with tenure), Medicine, to Professor (with tenure), Medicine, effective 7/1/86.

Miller, Thomas W., from Associate Professor (without tenure), Psychiatry, to Professor (with tenure), Psychiatry, effective 4/1/86.

Mitchell, Bonnie L., from Assistant Professor* (without tenure), Pathology, to Associate Professor* (with tenure), Pathology, effective 7/1/86.

Nahum, Daniel D., from Assistant Professor*, without tenure), Psychiatry, to Associate Professor* (with tenure), effective 7/1/86.

Owens, Eddie L., from Assistant Professor* (without tenure), Anesthesiology, to Associate Professor* (with tenure), Anesthesiology, effective 7/1/86.

Piascik, Michael T., from Assistant Professor (without tenure), Pharmacology, to Associate Professor (with tenure), Pharmacology, effective 7/1/86.

Shih, Wei Jen, from Assistant Professor (without tenure), Radiation Medicine, to Associate Professor (with tenure), Radiation Medicine, effective 7/1/86.

College of Pharmacy

Rapp, Robert P., Professor (with tenure), joint as Professor (without tenure), Surgery, College of Medicine, effective 7/1/86.

Support Units

Baldini, Bernadette, from Librarian II (with tenure), Medical Center Library, to Librarian I (with tenure), Medical Center Library, effective 7/1/86.

E. CHANGES

College of Nursing

Robinson, Mary Kathryn, Associate Professor* (with tenure), from Interim Assistant Dean for Undergraduate Studies, to Assistant Dean for Undergraduate Studies, 7/1/86 through 6/30/89.

F. CORRECTION IN MINUTES

College of Nursing

Webb, Ammie Lee, Assistant Professor*, 7/1/85 through 6/30/86. Note: To correct rank as Assistant Professor (temporary), to Assistant Professor*, as reported in the June 24, 1985 Minutes.

*Special Title Series

Support Units

Raymond M. Young, Manager, Medical Center Photography, rescission of retirement, effective 6/30/86, as reported in May 6, 1986 Minutes.

G. TERMINAL REAPPOINTMENTS

College of Medicine

Dillard, Robert P., Associate Professor* (without tenure), Pediatrics, 8/1/86 through 7/31/87.

H. RETIREMENTS

College of Dentistry

Brehm, Thomas W., Associate Professor (without tenure) Restorative Dentistry, after 17 consecutive years of service, effective 6/30/86.

Support Units

Coleman, Gus Pat, Plumber Supervisor, Physical Plant Division, after 20.5 consecutive years of service, effective 8/2/86.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

Carlson, Donna P., Clinical Instructor (voluntary), Physical Therapy, 5/15/86 through 6/30/88.
Hill, Kathleen B., Clinical Instructor (voluntary), Physical Therapy, 4/15/86 through 6/30/88.
Lechner, Deborah E., Clinical Instructor (voluntary), Physical Therapy, 4/15/86 through 6/30/88.
Miller, Ralph E., Clinical Instructor (part-time), Medicine, 1/15/86 through 6/30/86.
Thomas, Gary Wayne, Clinical Instructor (voluntary), Physical Therapy, 4/15/86 through 6/30/88.

College of Dentistry

Arnett, Sheila M., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Bush, Marvin T., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Coffman, Wesley B., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Dixon, Stanley E., Jr., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.

*Special Title Series

Douglas, Lindsey R., III, Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Eschelbach, Amanda K., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Hall, Norman C., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Huffman, Eric F., Assistant Professor (part-time), Orthodontics, 6/1/86 through 6/30/87.
John, Winfield C., III, Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Meade, Steven D., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Muncy, Robert B., Jr., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Poindexter, James B., Jr., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Rice, Martha R., Clinical Instructor (voluntary), Community Dentistry, 4/8/86 through 6/30/87.
Smith, Kenneth J., Assistant Clinical Professor, Oral and Maxillofacial Surgery, 4/1/86 through 6/30/87.
Wainwright, Bruce V., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.
Wyatt, Stanley J., Clinical Instructor (voluntary), Community Dentistry, 5/1/86 through 6/30/87.

College of Medicine

Barker, Donald E., Assistant Professor, Surgery, 7/1/86 through 6/30/87.
Chang, Jennie Chyan Chuu, Assistant Research Professor, Medical Microbiology & Immunology, 6/1/86 through 6/30/87.
Combs, David J., Assistant Research Professor, Surgery, 5/1/86 through 6/30/87.
Curry, Thomas Edward, Assistant Research Professor, Obstetrics & Gynecology, joint as Assistant Research Professor, Anatomy, 6/1/86 through 6/30/87.
Fuller, Elzer T., Assistant Clinical Professor (voluntary), Family Practice, 4/1/86 through 6/30/88.
Haynie, David, Clinical Instructor (part-time), Medicine, 7/1/86 through 6/30/87.
Jaggers, Robert C., Clinical Instructor (part-time), Surgery, 7/1/86 through 6/30/87.
Kasten, Gregory W., Assistant Clinical Professor (voluntary), Anesthesiology, 4/15/86 through 6/30/88.
Lijoi, Andre Francis, Assistant Clinical Professor (voluntary), Family Practice, 3/1/86 through 6/30/88.
Marshall, Martye, Clinical Instructor (part-time), Medicine, 7/1/86 through 6/30/87.
McClure, Rick R., Clinical Instructor (part-time), Medicine, 7/1/86 through 6/30/87.
Moore, Charles C., Assistant Clinical Professor (voluntary), Family Practice, 4/1/86 through 6/30/88.

*Special Title Series

Nieder, Kathy A., Assistant Clinical Professor (voluntary), Family Practice, 5/1/86 through 6/30/88.
Panzer, Richard O., Assistant Clinical Professor (voluntary), Psychiatry, 5/1/86 through 6/30/88.
Powell, William C., Assistant Clinical Professor (voluntary), Family Practice, 5/1/86 through 6/30/88.
Prunty, Marshall E., Assistant Clinical Professor (voluntary), Family Practice, 4/1/86 through 6/30/88.
Ranseen, John D., Assistant Professor, Psychiatry, 4/14/86 through 6/30/87.
Rush, Michael E., Assistant Professor (temporary), Anatomy, 7/1/86 through 7/31/86.
Tovar, Getulio V., Assistant Clinical Professor (voluntary), Psychiatry, 4/1/86 through 6/30/88.
Walker, Edwin O., Assistant Clinical Professor (voluntary), Psychiatry, 5/1/86 through 6/30/88.
Woolley, Robert B., Assistant Clinical Professor (voluntary), 5/1/86 through 6/30/88.
Wooster, William E., Assistant Clinical Professor (part-time), Emergency Medicine, 5/1/86 through 6/30/87.

College of Pharmacy

DeSanto, Frank P., Clinical Instructor (voluntary), 4/30/86 through 6/30/88.
Schlaak, Denise L., Clinical Instructor (voluntary), 4/30/86 through 6/30/88.

B. JOINT APPOINTMENTS

College of Allied Health Professions

Sinha, Ranjit, Assistant Clinical Professor (voluntary), Physician Assistant Studies, joint appointment as Assistant Clinical Professor (voluntary), Psychiatry, College of Medicine, 5/1/86 through 6/30/88.

C. REAPPOINTMENTS

College of Allied Health Professions

Boissonneault, Gilbert A., Assistant Professor, Clinical Nutrition, 7/1/86 through 6/30/87.
Bowlyow, Joyce E., Assistant Professor*, Community Health, 7/1/86 through 6/30/87.
Bryant, Jane, Assistant Professor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.
Goetz, Bernard A., Assistant Professor (Adjunct), Community Health, 7/1/86 through 6/30/87.
Hedges, Richard H., Assistant Professor*, Community Health, 7/1/86 through 6/30/87.
Heinlein, Harold, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.

*Special Title Series

Lloyd, Brenda, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.
Lyons, Lynne, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.
Massie, William K., Jr., Assistant Professor (Adjunct), Community Health, 7/1/86 through 6/30/87.
Overman, Sue, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.
Paradis, Lenora F., Assistant Professor, Allied Health Education & Research, 7/1/86 through 6/30/87.
Sims, Priscilla, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.
Spohn, Betty Bowling, Assistant Professor (Adjunct), Allied Health Education & Research, 7/1/86 through 6/30/87.
Tucker, Thomas C., Assistant Professor*, Community Health, joint as Instructor*, Preventive Medicine & Environmental Health, College of Medicine, 7/1/86 through 6/30/87.
Webb, John M., Assistant Professor (Adjunct), Community Health, 7/1/86 through 6/30/87.
Weeks, Terry, Instructor (Adjunct), Medical Technology, 7/1/86 through 6/30/87.

College of Dentistry

Armentrout, Timothy, Assistant Professor*, Prosthodontics, 7/1/86 through 6/30/87.
Armstrong, Paul J., Jr., Assistant Clinical Professor (voluntary), Periodontics, 7/1/86 through 6/30/87.
Baldwin, Stanley, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Baldwin, Stuart R., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Ballou, Fred L., Clinical Instructor, (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Bernstrom, Richard E., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Besser, David, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Best, Lou Ann, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Burns, Robert L., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Caudill, James, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Chandler, James A., Assistant Professor (part-time), Prosthodontics, 7/1/86 through 6/30/87.
Cruise, Sidney E., Assistant Clinical Professor (voluntary), Restorative Dentistry, joint as Assistant Clinical Professor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Dalmasso, Antonio, Assistant Clinical Professor (voluntary), Restorative Dentistry, 7/1/86 through 6/30/87.

*Special Title Series

Dalmasso, Matteo, Assistant Clinical Professor (voluntary), Restorative Dentistry, 7/1/86 through 6/30/87.

Daugherty, Larry E., Assistant Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.

Douglas, J. Burton, Assistant Professor*, Orthodontics, 7/1/86 through 6/30/87.

Emrich, Charles I., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Erena, Greg, Assistant Professor (part-time), Oral Diagnosis and Oral Medicine, 7/1/86 through 6/30/87.

Faulkner, William B., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Feck, Anthony S., Assistant Professor (part-time), Periodontics, 7/1/86 through 6/30/87.

Freano, Marion D., Assistant Professor (part-time), Oral Diagnosis and Oral Medicine, 7/1/86 through 6/30/87.

Greer, James R., Assistant Professor (part-time), Orthodontics, joint as Assistant Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.

Guynn, Wallis M., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Harrison, Ershal, Assistant Professor (part-time), Periodontics, 7/1/86 through 6/30/87.

Haubenreich, James, Assistant Clinical Professor (voluntary), Restorative Dentistry, joint as Assistant Clinical Professor, Community Dentistry, 7/1/86 through 6/30/87.

Henry, Robert G., Assistant Clinical Professor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Hill, Jimmy V., Assistant Professor (part-time), Prosthodontics, 7/1/86 through 6/30/87.

Kopczyk, Anthony J., Assistant Professor (part-time), Periodontics, joint as Assistant Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.

Lemmerman, Keith J., Assistant Professor (part-time), Periodontics, 7/1/86 through 6/30/87.

Marshall, Fred, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

McCord, Gary L., Assistant Professor (part-time), Prosthodontics, 7/1/86 through 6/30/87.

McElfresh, Monte, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Miles, William A., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Mills, Jerry, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Mills, Robert, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

Nicol, Bruce R., Clinical Instructor (voluntary), Community Dentistry, joint as Assistant Clinical Professor (voluntary), Surgery, College of Medicine, 7/1/86 through 6/30/87.

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*Special Title Series

Nudd, Terrence W., Clinical Instructor (voluntary), Periodontics, 7/1/86 through 6/30/87.
Reel, Donald C., Assistant Professor*, Restorative Dentistry, 7/1/86 through 6/30/87.
Rider, Steven J., Assistant Professor (part-time), Prosthodontics, joint as Assistant Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.
Rosenthal, Ira M., Assistant Professor (part-time), Periodontics, 7/1/86 through 6/30/87.
Schneider, Terry R., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Simmons, Amy G., Assistant Research Professor, Community Dentistry, 3/29/86 through 6/30/86.
Stovall, Jerry L., Assistant Clinical Professor (voluntary), Periodontics, 7/1/86 through 6/30/87.
Takacs, Patricia E., Assistant Professor (part-time), Periodontics, 7/1/86 through 6/30/87.
Tarrant, John, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Tharp, Kenneth L., Assistant Clinical Professor (voluntary), Prosthodontics, 7/1/86 through 6/30/87.
Thieman, E. A., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Thomas, Charles A., Assistant Professor*, Restorative Dentistry, 7/1/86 through 6/30/87.
Thompson, John A., Assistant Professor (part-time), Community Dentistry, 7/1/86 through 6/30/87.
Travis, Randy T., Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.
Wehrman, Paul T., Assistant Professor (part-time), Endodontics, 7/1/86 through 6/30/87.
Williams, Loren, Clinical Instructor (voluntary), Community Dentistry, 7/1/86 through 6/30/87.

College of Medicine

Barron, Michael P., Clinical Instructor (part-time), Medicine, 7/1/86 through 6/30/87.
Beihn, Robert, Clinical Instructor (part-time), Diagnostic Radiology, joint as Clinical Instructor (part-time), Radiation Medicine, 7/1/86 through 6/30/87.
Bingcang, Cornelia, Assistant Clinical Professor (part-time), Psychiatry, 7/1/86 through 6/30/87.
Birge, Barbara, Clinical Instructor (part-time), Physiology and Biophysics, 7/1/86 through 6/30/87.
Buecker, Joseph W., Assistant Clinical Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Collins, John W., Assistant Clinical Professor (part-time), Ophthalmology, 7/1/86 through 6/30/87.
Dale, Thomas A., Assistant Professor (Adjunct), Family Practice, 7/1/86 through 6/30/87.
Florence, Joseph A., Assistant Clinical Professor (part-time), Family Practice, 7/1/86 through 6/30/87.

*Special Title Series

Ford, Jerold M., Assistant Clinical Professor (part-time), Obstetrics and Gynecology, 7/1/86 through 6/30/87.
Gammon, David A., Assistant Clinical Professor (part-time), Rehabilitation Medicine, 7/1/86 through 6/30/87.
Hager, W. David, Assistant Clinical Professor (part-time), Obstetrics and Gynecology, 7/1/86 through 6/30/87.
Hollingsead, Pamela S., Instructor (part-time), Physiology and Biophysics, 7/1/86 through 6/30/87.
Jackson, James Lee, Assistant Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Karim, Farhad, Clinical Instructor (part-time), Medicine, 7/1/86 through 6/30/87.
Koffler, Bruce H., Assistant Clinical Professor (part-time), Ophthalmology, 7/1/86 through 6/30/87.
Kolta, Malak G., Assistant Research Professor, Medicine, 7/1/86 through 6/30/87.
Kung, Marcus, Assistant Professor, Medicine, 7/1/86 through 9/30/86.
Maguire, Grace F., Assistant Clinical Professor (part-time), Pediatrics, 7/1/86 through 6/30/87.
McNicholas, Laura F., Instructor (part-time), Pharmacology, 7/1/86 through 6/30/87.
Olson, Margaret A., Assistant Clinical Professor (part-time), Diagnostic Radiology, 7/1/86 through 6/30/87.
Pulito, Andrew R., Assistant Clinical Professor (part-time), Surgery, 7/1/86 through 6/30/87.
Riley, Lela K., Assistant Research Professor, Biochemistry, 7/1/86 through 6/30/87.
Scherl, Eileen R., Assistant Clinical Professor (part-time), Medicine, 7/1/86 through 6/30/87.
Schmitt, Frederick A., Assistant Research Professor, Neurology, 7/1/86 through 6/30/87.
Sparks, David L., Assistant Research Professor, Neurology, 7/1/86 through 6/30/87.
Suruda, Anthony J., Assistant Clinical Professor (part-time), Emergency Medicine, 7/1/86 through 6/30/87.
Vernon, Michael, Assistant Research Professor, Obstetrics and Gynecology, 7/1/86 through 6/30/87.
Volk, Kurt R., Assistant Clinical Professor (part-time), Rehabilitation Medicine, 7/1/86 through 6/30/87.
Wilson, Diane, Assistant Clinical Professor (part-time), Pathology, 7/1/86 through 6/30/87.
Waid, Thomas, Instructor, Medicine, 7/1/86 through 6/30/87.
Winard, Sue H., Clinical Instructor (part-time), Radiation Medicine, 7/1/86 through 6/30/87.
Yaes, Robert J., Instructor, Radiation Medicine, 7/1/86 through 6/30/87.
Young, Robert E., Assistant Clinical Professor (part-time), Emergency Medicine, 7/1/86 through 6/30/87.

*Special Title Series

College of Nursing

Baller, Patricia M., Clinical Instructor (voluntary), 7/1/86 through 6/30/87.
Beeman, Ruth C., Assistant Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Castle, Annette, Assistant Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Combs, Phyllis, Clinical Instructor (voluntary), 7/1/86 through 6/30/87.
Dobos, Carol L., Assistant Professor (Adjunct), 7/1/86 through 6/30/87.
Hunt, Margaret, Instructor, 7/1/86 through 12/31/86.
Hynson, Nancy, Assistant Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Ireson, Carol L., Assistant Professor (Adjunct), 7/1/86 through 6/30/87.
Kent, Ellen L., Assistant Professor (Adjunct), 7/1/86 through 6/30/87.
Lavery, Barbara S., Assistant Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Martin, Sally, Assistant Clinical Professor (voluntary), 7/1/86 through 6/30/87.
Presler, Elizabeth, Assistant Professor* (part-time), 7/1/86 through 6/30/87.
Schaffter, Caryl J., Clinical Instructor (voluntary), 7/1/86 through 6/30/87.
Snyder-Halpern, Rita, Assistant Professor (Adjunct), 7/1/86 through 6/30/87.
Weaver, Diana, Assistant Professor (Adjunct), 7/1/86 through 6/30/87.
Zator, Susan J., Clinical Instructor (voluntary), 7/1/86 through 6/30/87.

D. PROMOTIONS WITHOUT TENURE

College of Nursing

Miller, Patricia, from Instructor to Assistant Professor*, 7/1/86 through 6/30/87.

E. CHANGES

College of Dentistry

Berre, Edgar L., from Assistant Professor (part-time), Orthodontics, to Assistant Clinical Professor (voluntary), Orthodontics, 6/1/86 through 6/30/87.
Lenox, John A., from Assistant Clinical Professor (voluntary), Periodontics, to Assistant Professor (part-time), Community Dentistry, joint as Assistant Professor (part-time), Periodontics, 3/15/86 through 6/30/87.

*Special Title Series

College of Medicine

Carr, Wesley, from Assistant Professor, Diagnostic Radiology, joint as Assistant Professor, Neurology, to Assistant Professor, Neurology, joint as Assistant Professor, Diagnostic Radiology, 7/1/86 through 6/30/87.

Garrett, Virginia, from Assistant Professor, Rehabilitation Medicine, to Assistant Professor*, Rehabilitation Medicine, 7/1/86 through 6/30/87.

Klim, Gerald O., from Assistant Professor, Rehabilitation Medicine, to Assistant Professor*, Rehabilitation Medicine, 4/1/86 through 6/30/87.

College of Pharmacy

Piascik, Mary, from Assistant Professor (part-time), to Assistant Professor (temporary), 4/1/86 through 6/30/87.

F. LEAVES OF ABSENCE

College of Medicine

Zolman, James F., Professor (with tenure), Physiology and Biophysics, joint as Professor (without tenure), Psychology, College of Arts & Sciences, Sabbatical leave at full-salary, 1/1/87 through 6/30/87.

College of Nursing

Gaunder, Beatrice, Associate Professor* (with tenure), Sabbatical leave at half-salary, 8/1/86 through 7/31/87.

Hicks, Martha Beth, Associate Professor* (with tenure), Sabbatical leave at half-salary, 8/1/86 through 12/31/86.

College of Pharmacy

Hussain, Anwar, Professor (with tenure), Sabbatical leave at half-salary, 8/1/86 through 5/31/87.

*Special Title Series

Office of the President
June 25, 1986

PR 3A-1

Members, Board of Trustees:

SUPPLEMENTAL RECOMMENDATIONS OF THE PRESIDENT
PERSONNEL ACTIONS

LEXINGTON CAMPUS

I. Appointments and/or Other Staff Changes

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

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

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

ADMINISTRATIVE ACTION

A. ADMINISTRATIVE APPOINTMENTS

College of Engineering

Leigh, Donald C., Professor (with tenure), Engineering Mechanics, appointed Acting Director, Center for Robotics and Manufacturing Systems, effective 7/1/86.

Office of Vice Chancellor for Student Affairs

Burch, Joseph T., Dean of Students, appointed Acting Vice Chancellor for Student Affairs, effective 7/1/86.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986.

Office of the President
June 25, 1986

PR 3A-2

Members, Board of Trustees:

REPORT ON RESULTS OF ALUMNI MEMBER ELECTION

Recommendation: that the report of the Secretary of the Board of Trustees on the results of the election authorized by the Alumni Association be received and put to record, and that he be authorized to certify to the Governor the names of the three persons receiving the largest number of votes, from which list a successor to fill the unexpired term of a vacancy created by the death of Mr. Thomas P. Bell will be appointed.

Background: A vacancy exists on the University of Kentucky Board of Trustees due to the untimely death of Mr. Thomas P. Bell. Mr. Bell's term would have expired December 31, 1988. An election has been held among the graduates of the University of Kentucky as prescribed by statute and in accordance with the rules and regulations of the Board of Trustees. The attached letter from the Secretary of the Board of Trustees to the President of the University reports the results of the election.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1982

1572

UNIVERSITY OF KENTUCKY

LEXINGTON, KENTUCKY 40506

BOARD OF TRUSTEES

June 25, 1986

President Otis A. Singletary
University of Kentucky
Lexington, Kentucky 40506

Dear President Singletary:

As you know, a vacancy exists on the University of Kentucky Board of Trustees due to the untimely death of Mr. Thomas P. Bell. An election has been held among graduates of the University, as prescribed by statute and by the rules and regulations of the Board of Trustees, to nominate to the Governor three graduates from whom a successor will be appointed. The actual tabulation of the votes was conducted by Mr. Jay Brumfield, Director of Alumni Affairs. The following is the result of the election:

Ted Bates	4,468
Mrs. Robert O. Clark (Betty Carol Pace)	5,034
William G. Francis	2,771
John C. Owens	3,706
Robert M. Spragens	3,436
James W. Stuckert	3,443

There were 337 write-in names, all of which were tabulated and recorded.

Will you please submit this information to the Board of Trustees that same may be approved and the names of the three receiving the highest number of votes be certified to the Governor of the Commonwealth of Kentucky, from which list she may appoint Mr. Bell's successor for a term expiring December 31, 1988.

Respectfully submitted,

George W. Griffin

George W. Griffin, Secretary
Board of Trustees

1574

Office of the President
June 25, 1986

PR 3B-1

Members, Board of Trustees:

PROPOSED AMENDMENTS TO THE GOVERNING REGULATIONS

Recommendation: that the following proposed amendments to the Governing Regulations of the University of Kentucky, which were received by the Board of Trustees for preliminary consideration at its May 1986 meeting, be approved:

(Note: Proposed additions of new wording are underlined.)

Amendment #1 - Change Part IV, third paragraph, first sentence, to read:

The 85 elected faculty members shall be apportioned each spring among the colleges and the University Libraries according to the following two equally weighted factors based on data for the preceding fall semester: (1) the number of full-time faculty, except those appointed in the extension series (although they are eligible for election to membership), research title series, Medical Center clinical title series, and visiting series, with the rank of assistant professor or higher in the college or the University Libraries; and (2) the number of full-time students enrolled in the college, computed so that students enrolled in the Graduate School shall be assigned to the college in which they are pursuing their studies.

Background: This change will be needed for the adoption and implementation of the new Medical Center clinical title series which has been recommended by the faculties of the colleges in the Medical Center, the Medical Center administrators, and the University Senate Council.

Amendment #2 - Change Part VII.B.5, second paragraph, to read:

The department chairman is responsible for recommendations on the appointment of new members of the department, promotions, reappointments, terminal reappointments, decisions not to reappoint, post-retirement appointments, and the granting of tenure. Procedures and criteria used in preparing recommendations shall be those established by the University, the college, and the departmental faculty. As a minimum, the procedures must include consultation with all tenured members of the department, with the directors of any multidisciplinary research centers

or institutes with which the affected individuals are or will be associated, and with all full-time non-tenured faculty members (except those appointed in the research title series, Medical Center clinical title series, or visiting series) with the actual or equivalent rank of assistant professor or higher who have been members of the department for two years, except as noted below. Faculty members with appointments in the Medical Center clinical title series, however, shall be consulted on a departmental or divisional basis as appropriate about appointment or promotion of individuals to academic ranks equal to or below their own in the Medical Center clinical title series, but not be consulted on matters relating to appointment, retention, promotion, or tenure of faculty in the regular or special title series. All recommendations on matters listed above, excluding reappointments and post-retirement appointments, shall include the written judgment of each consulted member of the department and of each director of pertinent multidisciplinary research centers and institutes, along with the recommendation of the chairman. ...(no further change in this paragraph)

Background: Same as for Amendment #1.

Amendment #3 - Change Part X.B.1, second paragraph, to read:

There are two types of non-tenured appointments. One type of non-tenured appointment is that in which a faculty member is ineligible for tenure as a consequence of have been appointed: (1) in the research, Medical Center clinical, adjunct, visiting, or voluntary series of academic ranks and titles; or (2) on a part-time or temporary basis. An appointment on a temporary basis involves an individual who has assigned duties and responsibilities which should be completed within one year or less.

Background: Same as for Amendment #1.

Amendment #4 - Change Part X.B.2, first paragraph, to read:

Probationary periods (or maximum non-tenure periods) are not applicable in cases where faculty members are appointed (1) in the research, Medical Center clinical, adjunct, visiting, or voluntary series of academic ranks and titles, or (2) on a part-time or temporary basis. In all such appointments, faculty members are ineligible for tenure.

Background: Same as for Amendment #1.

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

d. Educational Leave

To pursue an advanced degree at the University of Kentucky in accordance with Part X.C.6 of these Governing Regulations, faculty members may request half-time or more leave, with proportional reduction in salary.

Amendment #5 - (continued)

If such educational leave for faculty development is recommended by the dean of the college and approved by the appropriate chancellor, the faculty members shall be entitled to normal faculty benefits and privileges during the period of temporary change in status. Although a period of educational leave shall not be credited toward eligibility for sabbatical leave, it shall not be considered as an interruption of continuous service. Also, for non-tenured faculty members, such a period of educational leave shall not be counted as probationary period service.

Background: At its meeting in September, 1985, the Board of Trustees approved an amendment to the Governing Regulations which permits faculty members in the Lexington Campus and Medical Center sectors to pursue degrees above the master's degree at the University of Kentucky in disciplines other than those in which they are employed and hold academic rank. Faculty members pursuing degrees above the master's degree at the University of Kentucky may not hold more than a half-time assignment either during the two full-time, consecutive resident semesters preceding the qualifying examination or during the two semesters of full-time dissertation study immediately following the qualifying examination. The proposed amendment is intended to clarify the conditions under which faculty members can pursue such advanced degrees in accordance with Part X.C.6.

1471A

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 3B-2

Members, Board of Trustees:

PROPOSED AMENDMENT TO THE GOVERNING REGULATIONS

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

Amendment -- Change Part X.C.5.a, third paragraph, to read:

5. Leaves of Absence

a. Sabbatical Leave

(Third paragraph follows; underlined portion is new.)

After six years of continuous eligible service, an individual may apply for one year's leave (academic year for appointees on academic year, ten-month, or eleven-month assignments) at one-half salary or six months' leave (academic semester for appointees on academic year, ten-month, or eleven-month assignments) at full salary. After three years of continuous eligible service, an appointee may apply for six months' leave (academic semester for appointees on academic year, ten-month, or eleven-month assignments) at one-half salary. Normally "continuous service" is interrupted by a sabbatical leave; that is, no service prior to a sabbatical leave may be credited toward eligibility for future sabbatical leave. However, in the event that it becomes necessary for an individual to postpone a sabbatical leave at the request of and/or for the benefit of the University or one of its educational units, the period of postponement shall be counted as part of the six years of service necessary for the individual to again become eligible for sabbatical leave. The request for and/or agreement that the sabbatical leave be postponed must be made in writing by the dean or director of the individual's college and be approved by the appropriate chancellor. The request or agreement must specify the period of postponement and the reason for it. In no case shall cumulative sabbatical leave be granted for a single period longer than one full year at full salary. Leaves of absence without pay are not normally credited toward eligibility for sabbatical leave. However, exception may be made when the leave enhances the value of the individual to the University, e.g., a leave to accept a fellowship or grant, service for professional organizations, and so forth. In no case shall the leave of absence without pay be considered as an interruption of continuous service.

Background: The recommendation of this change in the Governing Regulations was approved by the University Senate at its meeting on April 28, 1986.

As the Governing Regulations now read, a faculty member is eligible for sabbatical leave after six years of continuous service. A sabbatical leave breaks the continuous service and the six-year clock begins to run again only at the conclusion of the sabbatical leave. Occasionally, however, a department or division chairman and/or a dean or director of a college will request a faculty member who is eligible to apply for a sabbatical leave to postpone it for a year or more. This may occur, for example, if too many faculty in a department or division become eligible in the same year and the chairman believes that the instructional program will suffer if all of the eligible faculty take leave at once. Likewise, a department or division chairman or a dean or director of a college may be asked to postpone or consider postponing sabbatical leave because it would be in the best interest of the department or college that he or she finish out an administrative term. In such situations the University Senate recommends that the faculty member not be penalized for postponing sabbatical leave by forfeiting the year(s) postponed toward the continuous service necessary to be eligible for a later sabbatical leave. The University Senate is not proposing that such years count when the faculty member postpones sabbatical leave for his or her own convenience. The University Senate proposes the change as being fair both to the faculty and the University.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 3C

Members, Board of Trustees:

OPERATING BUDGET FOR 1986-87

Recommendation: that the 1986-87 Operating Budget as submitted, including the authorization set forth in the letter of transmittal, be approved and ordered recorded as an integral part of the University's financial system with the necessary fiscal control being exercised for the collection and appropriation of income and for the expenditure of departmental appropriations in accordance with authorized fiscal policies and procedures and accepted as a basis of maximum expenditures for the year 1986-87.

Background: The 1986-87 Operating Budget of the University of Kentucky is presented for approval by the Board of Trustees. Copies of the budget document have been made available to the members of the Board.

NOTE: The Operating Budget for 1986-87 is not included in the Minutes of the meeting but is included in the official files.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986.

Office of the President
June 25, 1986

PR 4A

Members, Board of Trustees:

APPOINTMENTS TO ADVISORY BOARD
LEXINGTON COMMUNITY COLLEGE

Recommendation: that appproval be given to the reappointment of the following two (2) members to the Advisory Board of Lexington Community College.

Three-Year Term
July 1, 1986 - June 30, 1989

Mr. Richard E. Blanchard
Mr. Larry S. Martini

Background: The establishment of an Advisory Board for Lexington Community College was approved by the University of Kentucky Board of Trustees at the December 13, 1983 meeting. The initial membership of the Advisory Board was approved by the University of Kentucky Board at the April 2, 1985 meeting. Mr. Blanchard and Mr. Martini were appointed for one-year terms at that time and are being recommended for reappointment for full three-year terms.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 4B

Members, Board of Trustees:

APPOINTMENT OF DIRECTOR, LEXINGTON COMMUNITY COLLEGE

Recommendation: that Dr. Allen G. Edwards be named Director of Lexington Community College, effective July 1, 1986.

Background: A Search Committee was appointed by the Chancellor of the Community College System in January 1986 to seek qualified candidates for the position of Director, Lexington Community College. The Committee, composed of faculty representatives, a student representative and Advisory Board representatives, screened applications, interviewed candidates, and made its recommendation to the Chancellor. The final candidates were then interviewed by the Chancellor and Dr. Edwards was chosen to be recommended to the President and Board of Trustees.

Dr. Edwards has a bachelor's degree from Clemson University, a master's degree from the University of South Carolina, and a doctorate from the University of Texas. Since July 1, 1985, he has been Associate Director for Academic Affairs at Lexington Community College.

Dr. Edwards has had successful community college teaching and administrative experience in Texas and South Carolina. He has demonstrated his leadership ability in the University of Kentucky Community College System by ably handling the responsibilities of Associate Director of Lexington Community College since July 1985.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 5A

Members, Board of Trustees:

ESTABLISHMENT OF INTERDISCIPLINARY HUMAN DEVELOPMENT INSTITUTE

Recommendation: that the Board of Trustees authorize the establishment of an Interdisciplinary Human Development Institute.

Background: The Human Development Program, which has been in existence for eight years and has been very successful in obtaining funding from external sources, has submitted a proposal to establish an Interdisciplinary Human Development Institute.

The proposed Institute's goals include research, training, and service demonstration for persons with developmental disabilities and related handicapped problems. There are a number of organizational units within the University with interests in handicapped conditions and rehabilitation; however, none is involved with developmental disabilities. The Institute, like the preceding Human Development Program, would have an advisory board consisting of University faculty and persons from state and local agencies which will assist in planning the Institute's training and service programs.

The Interdisciplinary Human Development Institute will be an educational unit in the Graduate School and its Director will be responsible to the Vice Chancellor for Research and Dean of the Graduate School.

The establishment of the Interdisciplinary Human Development Institute has been recommended by the Vice Chancellor for Research and Dean of the Graduate School, the University Senate Committee on Academic Organization and Structure, the University Senate Council, and the Chancellor for the Lexington Campus.

1487A

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 5C

Members, Board of Trustees:

NAMING OF CONFERENCE CENTER

Recommendation: that the Board of Trustees approve the name THE GEORGE A. EVERETTE CONFERENCE CENTER for the conference center in the University of Kentucky Research and Education Center Building at Princeton, Kentucky.

Background: Mr. George A. Everette devoted his entire professional life to the betterment of Western Kentucky agriculture and served as a dedicated and highly professional Extension Specialist of Agronomy in the College of Agriculture. He worked tirelessly with agriculture leadership groups in securing construction funds for the Research and Education Center Building at Princeton. It is fitting that his many contributions to Kentucky agriculture be honored by naming the conference room for Mr. Everette.

In accordance with University policy, the Committee for Naming University Buildings has made its recommendation to the Chancellor of the Lexington Campus who recommends to the President and Board of Trustees that the conference room be named THE GEORGE A. EVERETTE CONFERENCE CENTER.

Action: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986.

Office of the President
June 25, 1986

PR 5D

Members, Board of Trustees:

APPROVAL OF AGREEMENT BETWEEN UNIVERSITY OF KENTUCKY AND UNIVERSITY OF KENTUCKY STUDENT AGENCIES, INC.

Recommendation: that the board approve the attached agreement between the Board of Trustees of the University of Kentucky and University of Kentucky Student Agencies, Inc. for the period of July 1, 1986 through June 30, 1987. This contract was negotiated pursuant to the Board of Trustees action of May 4, 1982 establishing a "Student Service Program."

Background: The Board action on May 4, 1982 provided that:

> "In furtherance of the purposed stated above, the President is authorized to negotiate and execute a contract, subject to approval of the Board of Trustees with an organizational entity qualified to carry out a program consonant with the Board's objectives."

The Board of Trustees has previously approved contracts for the years 1983-84, 1984-85, and 1985-86. The attached agreement conforms to the provisions of the May 4, 1982 Board policy and is in substance the same contract as that approved for the 1985-86 year.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

STUDENT SERVICES AGREEMENT

between

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

and

UNIVERSITY OF KENTUCKY STUDENT AGENCIES, INC.

June 25, 19 86

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STUDENT SERVICES AGREEMENT

This is a Student Services Agreement (the "Agreement") between the University of Kentucky Board of Trustees (the "University") and University of Kentucky Student Agencies, Inc. ("UKSA") dated as of June 25, 1986.

Recitals

A. The University has observed the recent reduction in funds available from governmental sources for financial aid to students. Due to the need for alternative sources of financial support to enable students to finance their education, the University has adopted a policy statement that establishes a student services program which will provide both practical job experience and extra income for students at the University.

B. UKSA, a non-profit corporation which qualifies as a tax-exempt educational organization under 501 (c) (3) of the Internal Revenue Code of 1954, as amended, desires to operate a student services program that will fulfill its educational objectives.

C. The University recognizes UKSA as a "qualifying entity" as described in the policy statement adopted by the University establishing the student employment program.

D. The University and UKSA desire to enter into this Agreement, whereby UKSA will operate a student services program, in order to advance the goals set forth above.

SECTION 1

Definitions

As used in this Agreement, the following terms shall have the following meanings:

(a) "Campus" shall mean the University campus in Lexington,

Kentucky including any dormitories, classrooms or other instructional facilities, student center, offices and any other areas over which the University has authority.

(b) "Coordinator" shall mean the full time staff member to be hired by UKSA who will act as the chief operating officer of UKSA.

(c) "Program" shall mean the student services program that was established by the University pursuant to a policy statement dated May 4, 1982.

(d) "University Contracts" shall mean any contracts for goods or services between the University and any other entity other than UKSA.

SECTION 2

Nature of Agreement

The University hereby gives UKSA full authority and the exclusive right to operate the Program and UKSA agrees to operate the Program subject to the terms and conditions set forth in this Agreement.

SECTION 3

The Program

3.1 Scope. UKSA shall develop student employment opportunities for the Program that will aid students in financing their education. These jobs shall be designed to provide goods and services to the University community and to provide education related work experience for students.

3.2 Administration. UKSA shall assume all responsibility for the Program including the payment of wages to students and the payment of all expenses incurred in the operation of the Program. UKSA shall keep all books, records, and other documents which are necessary for the proper administration of the Program, and shall make necessary filings with federal,

state, and local agencies.

3.3 Revenue. Any revenue from the operation of the Program which is in excess of wages and other operating expenses shall be used to increase the rate of wages paid to students and to explore and develop other employment opportunities. UKSA may invest available funds in short term securities from time to time at its discretion.

SECTION 4

Covenants of UKSA

4.1 Non-Profit Status. UKSA shall be organized and operated as a non-profit corporation pursuant to Chapter 273 of the Kentucky Revised Statutes at all times during the term of this Agreement.

4.2 Personnel. All officers, members, and employees of UKSA shall be University students except for the Coordinator who may or may not be a University student.

4.3 Wages. Wages paid by UKSA to its employees will be equal to or greater than Kentucky's minimum wage as set by Chapter 337 of the Kentucky Revised Statutes.

4.4 Prior Approval of Campus Services and Solicitation. UKSA shall secure prior written approval by the University Dean of Students for all services to be provided on Campus pursuant to the Program and for any solicitation on Campus.

4.5 Equal Opportunity. UKSA shall not discriminate against any student, or anyone with whom it does business, on the basis of race, color, religion, sex, national origin, age, or handicap.

4.6 Availability of Records. UKSA shall make available all of its books, records, and accounts for inspection and audit by representatives of

the University within forty-eight hours of receiving written notice by the University.

4.7 Annual Audit. UKSA shall have an annual audit to be conducted by a firm of Certified Public Accountants approved in writing by the University. An audit report and any compliance letters shall be submitted to the University.

4.8 Fund Raising Efforts. UKSA shall coordinate all of its fund raising efforts through the Vice President for University Relations.

4.9 Organizational Documents. UKSA shall not amend or otherwise alter its Articles of Incorporation or adopt any bylaw or other operating practice that would alter the character of UKSA without the prior written consent of the University.

4.10 Merger. UKSA shall not merge with any other corporation or convey any substantial portion of its assets to any other person, corporation, partnership, or other entity.

4.11 University Contracts. UKSA shall not provide any goods or services or take any action that would conflict or interfere with any University Contracts.

SECTION 5

Right to Bid on University Contracts

The University shall allow UKSA to submit bids on contracts for the furnishing of goods and services to the University.

SECTION 6

Indemnification

UKSA shall indemnify and hold the University harmless for the full amount of any loss, claim, damage, liability, or expense resulting to the

University either directly or indirectly from (a) any breach of the covenants by UKSA set forth in this Agreement, and (b) any injury to any employee during the course of his or her employment with UKSA.

SECTION 7

Dissolution of UKSA

In the event of the dissolution of UKSA pursuant to Chapter 273 of the Kentucky Revised Statutes, the assets of UKSA shall be applied and distributed as follows:

(a) First, liabilities and obligations of UKSA shall be paid and discharged, or adequate provisions shall be made therefor,

(b) Second, assets held by UKSA upon a condition which occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with such condition,

(c) Third, the remaining assets of UKSA shall be transferred or conveyed to the University, or its successors, to be used for the financial aid of its students if the University, or its successor, qualifies as an instrumentality of the Commonwealth of Kentucky and an organization described in Section 170(c) of the Internal Revenue Code of 1954, as amended. If the University, or its successor, does not so qualify, the remaining assets shall be distributed to some other organization or organizations that are organized exclusively for educational purposes under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.

SECTION 8

Miscellaneous

8.1 Entire Agreement. This Agreement incorporates the policy statement by the University of May 4, 1982 that established a student services

program. The Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

8.2 Notices. All notices and other communications required by Section 8.1, shall be in writing and shall be deemed to have been duly given if mailed by registered mail, return receipt requested, postage pre-paid, to the addresses set forth below or to such other address as to which a party has given the other parties written notice:

(a) If to the University:

Dean of Students
513 Patterson Office Tower
Lexington, Kentucky 40506

(b) If to UKSA
Leonard Paul Stoltz,II
Student Center Building, Room 107
Limestone Street
Lexington, Kentucky 40506

with copy to:

Mr. C. Edward Glasscock
Brown, Todd & Heyburn
1600 Citizens Plaza
Louisville, Kentucky 40202

8.3 Headings. The headings used in this Agreement have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

8.4 Waiver. No waiver of any of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a continuing waiver in respect of any breach or default, whether of a similar or different nature, unless expressly stated in writing.

8.5 Severability. If any provision of this Agreement or its application shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision and of all other provisions and applications thereof shall not in any way be effected or impaired.

8.6 Governing Law. The validity, construction and interpretation of this Agreement shall be governed in accordance with the law of the Commonwealth of Kentucky.

8.7 Term. The term of this Agreement shall be from July 1, 1986 to June 30, 1987. This Agreement may be renewed on an annual basis upon the mutual agreement in writing of UKSA and the University.

IN WITNESS WHEREOF, the parties have executed four originals of this Agreement as of the date first set forth above, but actually on the dates set forth below.

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

By O. A. Singletary

President, University of Kentucky

Date: June 25, 1986

UNIVERSITY OF KENTUCKY STUDENT AGENCIES, Inc.

By George Michael Sanderson

President, UK Student Agencies, Inc.

Date: June 25, 1986

Office of the President
June 25, 1986

PR 6A

Members, Board of Trustees:

STUDENT HEALTH FEES

Recommendation: that the Board of Trustees approve a health fee of $25 for each semester of the 1986-87 academic year.

Background: We have reviewed the Health Service's experience with the mandatory health fee for the past three years and are very pleased to report that the health fee can remain at $25 per semester for the year 1986-87.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

PR 6B

Members, Board of Trustees:

AGREEMENT BETWEEN THE UNIVERSITY OF KENTUCKY
AND THE MCDOWELL CANCER RESEARCH FOUNDATION

Recommendation: that the Board upon the recommendation of the Chancellor of the Medical Center and the President of the University of Kentucky approve the attached agreement between the University of Kentucky and the McDowell Cancer Research Foundation relating to the use of certain rooms in the Lucille Parker Markey Cancer Center building and authorize the President to execute this agreement with the McDowell Cancer Research Foundation.

Background: The agreement, wherein the McDowell Cancer Research Foundation agreed to raise funds, construct the Lucille Parker Markey Cancer Center building, and transfer the completed facility to the University of Kentucky, was made with an understanding that certain rooms would be available for use by the Foundation and its staff. The building has been completed, the transfer made, and the attached agreement is a formal action granting the use of rooms 160, 160-A, 162, 162-A, 163, and 164 to the McDowell Cancer Research Foundation under certain conditions. In addition, it assigns first priority for the use of 151 to the Foundation Board.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

AGREEMENT BETWEEN THE UNIVERSITY OF KENTUCKY
AND THE MCDOWELL CANCER RESEARCH FOUNDATION
REGARDING THE USE OF CERTAIN ROOMS IN THE
LUCILLE PARKER MARKEY CANCER CENTER

In consideration of the establishment and construction of the Lucille Parker Markey Cancer Center, the Board of Trustees of the University of Kentucky hereby authorizes the McDowell Cancer Research Foundation to use the following rooms in the Lucille Parker Markey Cancer Center building so long as the McDowell Cancer Research Foundation, Inc. continues its substantial aid and assistance to the Lucille Parker Markey Cancer Center of the Albert B. Chandler Medical Center of the University of Kentucky:

Rooms	
160	The reception area
160-A	Storage
162	Project Director's office
162-A	Computer room
163	Chairman's office
164	Executive Director's office
151	Board Room (It being understood that use by the McDowell Cancer Research Foundation shall have first priority, and it being further understood that the Board Room is available for University use as needed when that room is not being used by the Board of the Foundation.)

O.A. Singletary

Otis A. Singletary, President
University of Kentucky

P.P. Bosomworth

Peter P. Bosomworth, M.D., Chancellor
Medical Center, University of Kentucky

Ben Roach MD

Ben Roach, M.D., Chairman
McDowell Cancer Research Foundation

6/25/86

Office of the President
June 25, 1986

PR 6C

Members, Board of Trustees:

AGREEMENT BETWEEN UNIVERSITY OF KENTUCKY AND KENTUCKY MEDICAL SERVICES FOUNDATION

Recommendation: that the Board approve the attached agreement between the Board of Trustees of the University of Kentucky and Kentucky Medical Services Foundation, Inc. which was negotiated pursuant to the "Board of Trustees Resolution Regarding Medical Practice Plan" adopted on June 20, 1978.

Background: The Board action on June 20, 1978 provided that:

> "The President is authorized to negotiate and execute a contract subject to approval of the Board of Trustees, with an appropriately qualified organizational entity for carrying out necessary functions and assuming the responsibilities involved in the administration of income for professional services under the plan."

Kentucky Medical Services Foundation, Inc. meets the "criteria" specified under Section III A for the appropriately qualified organization. The attached agreement conforms to the provisions of the June 20 Board resolution and specifically satisfied the "conditions" set forth in Section III B.

The terms of the attached document are essentially the same as those in the agreement approved by the Board on June 24, 1985. The document has been updated to reflect dates in the new contract period, revise the dollar amounts due the University under Section 5, C and Section 18A. The dollar amounts have been revised to reflect the increased costs for 1986-87. Section 18 on Professional Liability Insurance has been revised to reflect the percentage KMSF will pay for this insurance. This revision is necessary since we have not received bids for insurance at this time. The University is pursuing the purchase of excess insurance and KMSF will bear 48.45% of the total cost. The amount for expenses attendant to the production of clinical income has been increased from $2,204,241 to $2,237,352.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

THIS AGREEMENT made and entered into this 25th day of June, 1986 by and between the BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY, a statutory body corporate existing pursuant to Section 164.100 et seq of the Kentucky Revised Statutes (hereinafter referred to as the University) and KENTUCKY MEDICAL SERVICES FOUNDATION, INC., a non-stock, non-profit corporation formed pursuant to Chapter 273 of the Kentucky Revised Statutes (hereinafter referred to as the Foundation).

WITNESSETH:

Section 1. RECITALS

A. Foundation is organized for the purposes stated in its Articles of Incorporation as a non-stock, non-profit corporation and will use and apply the whole or any part of its income and principal exclusively for charitable, scientific, or educational purposes at or for the benefit of, the University of Kentucky Medical Center.

B. A substantial number of University's faculty in its College of Medicine have heretofore executed agreements with Foundation, known as "Practice Agreements and Assignments" whereby said faculty have assigned to Foundation their professionally generated clinical income.

C. The recruitment and retention of the members of the medical faculty of the University will be improved by permitting the said members to supplement, by income from the practice of medicine, the salaries provided by the University.

D. The University recognizes that the medical practice activities of its faculty members can be conducted in a more efficient and economical manner if those faculty members who produce income are permitted, through the medium of the Foundation, to exercise a larger voice in the expenditure of the funds so produced.

E. The University has heretofore established, in addition to its previously adopted Physicians Service Plan, a "geographic full-time medical service plan", the said geographic full-time plan having been adopted on June 20, 1978, as amended on June 19, 1984; said action is hereby incorporated by reference as is set out in full herein.

F. The aforementioned action of University's Board of Trustees authorized the University's President to negotiate and execute a contract, subject to the approval of said Board, with an appropriately qualified entity for carrying out necessary functions and assuming the responsibilities involved in the administration of income for professional services under the plan.

NOW THEREFORE, the parties hereto agree as follows:

Section 2. DEFINITIONS

A. "The Plan" means the geographic full-time medical service plan for the University of Kentucky College of Medicine established by action of the Board of Trustees of said University dated June 20, 1978, as amended on June 19, 1984.

B. "Clinical Income" means (1) all payments for professional services rendered to or with respect to patients whether denominated as diagnosis, treatment, evaluation, or consultation and whether said payments be characterized as fees, retainers, or otherwise, and (2) all payments whether direct or in kind, (excluding actual travel costs) for oversight or administration of, or consultation with, facilities, programs, or other operations providing care, services or evaluation relating to patients, and (3) witness fees or other payments relating to depositions or other evaluations in the capacity of an expert witness. Provided, however, that nothing contained herein shall be deemed to include in the term "clinical income" any item excluded therefrom by paragraph II, B of the plan.

C. "Practice Agreements" means those documents, denominated Practice Agreements and Assignments heretofore executed by certain members of University's faculty, the University, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center and the Foundation.

Section 3. NATURE OF THE AGREEMENT

Pursuant to Paragraph III, A. of the aforementioned action of University's Board of Trustees dated June 20, 1978, as amended on June 19, 1984, University hereby recognizes Foundation as an "appropriately qualified organizational entity" as described therein for carrying out necessary functions and assuming the responsibilities involved in the administration of income for professional services under University's "geographic full-time medical services plan".

Section 4. BILLING AND COLLECTION

Foundation agrees that it will accept, pursuant to practice agreements, the assignment of all clinical income by participants in the plan and, in accordance with such assignment, agrees to bill the amount of duly established charges for professional services to parties determined to be responsible for payment of such charges.

Section 5. REIMBURSEMENT OF UNIVERSITY

A. In accord with paragraph II, D. 2 of the plan, the parties recognize that Foundation must reimburse University for actual expenses incurred by it which are attendant to the production of clinical income.

B. To provide for said reimbursement, Foundation agrees that it will, on or before the first working day of each month in which reimbursable expenses are due as provided hereinafter, deposit the funds necessary to make such payments in a separate account maintained by it and that funds held in the said account will be invested only in accord with the provisions of Section 17 hereof.

C. Foundation agrees to pay to University, from said account, as reimbursement for the remainder of the expenses attendant to the production of clinical income, University's actual annual costs, as determined by joint evaluation of Foundation and University, a sum estimated at Two Million Two Hundred Thirty-Seven Thousand Three Hundred Fifty-Two ($2,237,354.00) Dollars, composed of $2,237,352 as reimbursement of personnel expenses and other current expenses, in direct support of the operation of the AMS Clinic.

Payments hereunder shall be in the following manner:

1. The University will submit statements of actual expenditures for each month by the 10th day of the succeeding month. KMSF will reimburse the University of Kentucky by the 20th day of that month. KMSF will be required to pay any costs over the $2,237,352 and likewise accrue any savings that may occur.

D. In addition to the above, Foundation agrees that it will reimburse University for all "plan income", as that term is defined in paragraph II, C., 2 of the plan, paid to faculty by University.

Section 6. REIMBURSEMENT OF FOUNDATION

A. The parties recognized that University receives certain services from Foundation, for which it is due reimbursement as specified hereinbelow.

B. University agrees to pay to Foundation on behalf of members of the Department of Diagnostic Radiology for the provision of x-ray interpretation services to the University Student Health Service during the period July 1, 1986 - June 30, 1987 a sum not to exceed Fifteen Thousand ($15,000.00) Dollars.

C. University agrees to pay to Foundation on behalf of members of the Department of Surgery, for the harvesting of transplantable kidneys from appropriate cadavers, for University Hospital, the sum of One Thousand Two Hundred ($1,200.00) dollars for each kidney harvest. In addition the University also agrees to pay for appropriate professional fees as defined by Medicare, Part A reimbursement regulations for live donor kidney acquisitions and cadaver kidney acquisitions.

In the event Medicare reduces Hospital reimbursement for professional fees paid as outlined above, the Foundation agrees to refund said amounts.

D. In consideration of the furnishing of a computer prepared listing of Outpatient Diagnosis by Foundation to the Department of Patient Accounts of University Hospital on a monthly basis, University agrees to pay Foundation its actual cost.

E. University agrees to pay to Foundation on behalf of members of the Department of Neurology, for provision of EEG interpretation services to the University Student Health Service, a fee of Forty-Five ($45.00) dollars for each such service rendered.

F. University agrees to pay to Foundation on behalf of members of the Department of Medicine, for provision of executive physical examinations to certain University employees identified by the University President, a fee for each examination.

G. University will make payment to Foundation monthly, on the last calendar day of each month beginning July 31, 1986, for services as described in paragraphs B, C, D, E, and F hereinabove.

Section 7. ACADEMIC ENRICHMENT FUND

A. Consonant with Section II, D. 3 of the plan adopted by University's Board of Trustees on June 20, 1978, as amended on June 19, 1984, Foundation agrees that it will pay to The Fund for Advancement of Education and Research in the University of Kentucky Medical Center (hereinafter Fund), an amount equal to three (3%) percent of the actual clinical income collected by said Foundation. The Fund will deposit said payments in an account maintained for the purpose of providing an academic enrichment fund to be used by the Dean of the College of Medicine in support of the programs of said College and for related purposes. Amounts due hereunder will be computed by Foundation on a monthly basis as income is received and remitted to the Fund within twenty-five (25) days after the close of each monthly accounting period.

B. Foundation further agrees that it will deposit, in an account maintained by Foundation, on the same basis as provided in subsection A. hereinabove, an additional amount equal to six (6%) percent of the actual clinical income collected by said Foundation, said funds to be used by the Dean of the College of Medicine for the enrichment of the programs of the College and for related purposes in his sole discretion.

Section 8. PARTICULAR COVENANTS OF THE FOUNDATION

A. Foundation's Articles of Incorporation, as filed with the Secretary of State of the Commonwealth of Kentucky on June 19, 1978, have been inspected by the University as a condition precedent to University's entry into this agreement. Foundation covenants that it will not, absent the written agreement of the University, amend or otherwise alter said Articles or adopt any by-law or other operating practice which would effectively alter the character of said Foundation.

B. Foundation covenants that it will not engage in the practice of medicine, nor will it solicit, administer, receive, perform or accept any gift, grant, devise, bequest, contract or other arrangement with or from any governmental unit, entity, or subdivision or any person, corporation, partnership, association or other entity whatsoever except as specifically permitted herein. Provided, however, that nothing contained herein shall be construed to prohibit the Foundation (subject to the approval of the Dean of the College of Medicine) from negotiating and executing contracts providing exclusively for professional services by faculty who have executed practice agreements.

C Foundation covenants that it will not merge with any other corporation or convey any substantial portion of its assets to any other corporation, partnership, or other entity except as specifically provided herein and that, in the event of its dissolution its Board of Directors shall cause its assets to be applied and distributed as follows: (a) all liabilities

and obligations of the corporation shall be paid, satisfied and discharged, or adequate provisions shall be made therefore; (b) assets held by the corporation upon a condition which occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements; and (c) all of the remaining assets of the corporation shall be transferred or conveyed to the Board of Trustees of the University of Kentucky, or its successor, to be used for medical education and research, if said University or its successor, shall qualify as a public corporation and an instrumentality of the State of Kentucky or as an exempt organization under Section 501(c) (3) of the Internal Revenue Code of 1954, as amended; and if said University or its successor shall not so qualify, then to some other organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes in the field of medicine as shall at the time qualify as an exempt organization or organizations under Section 501(c) (3) of the Internal Revenue Code of 1954, as amended.

Section 9. MEMBERSHIP AND BENEFITS

A. University agrees that it will assist the Foundation to enforce the terms of the practice agreements entered into by members of University's clinical departments of its College of Medicine by requiring adherence to said agreements as a condition of continued employment as a member of University's faculty.

B. University agrees that it will require, as a condition of employment as a member of University's faculty in a clinical department in which a majority of the faculty members have executed practice agreements,

that new members of its faculty execute said practice agreement in form identical to said agreements heretofore executed or as the form of same may be modified by mutual agreement of the parties hereto from time to time.

C. Foundation agrees that it will not, absent the written consent of University, bill for, collect or administer any item of income for any person or entity not holding membership in the plan, nor will it permit persons not members to serve on its Board of Directors, nor will it provide any benefit or other thing of value to any person or entity not a member of the plan except for (1) termination benefits to former members as provided by action of Foundation's Board of Directors, (2) incidental benefits indirectly accruing to employees of the Medical Center by virtue of Foundation's activities, (3) students and House Staff of University, (4) payment to nurses incident to their recruitment to the University Medical Center, (5) education and technical training costs of persons involved in patient care activities or (6) education and technical training costs of persons indirectly involved in patient care activities if approved on a case by case basis by the Dean of the College of Medicine or the Chancellor for the Medical Center.

D. In order to provide University of Kentucky Health Plan patients with a unified bill, Foundation is authorized to bill and collect the following items: clinic Pharmacy charges, patient deductible and non-covered items, nutrition/dietetic fees and Oral Surgery fees. The collection and billing shall be in accord with that certain contract entered into between the University and the Foundation.

E. Foundation shall assume responsibility for the costs of drugs and supplies to be used in the patient care programs in the clinics and is hereby authorized to bill, collect, and deposit in foundation accounts revenue from these non ancillary items.

F. Foundation agrees that it will strictly enforce the terms of its practice agreements, report promptly to University in the event any individual fails or refuses to abide thereby and join with University in any appropriate action, in law or equity, necessary to secure compliance therewith.

Section 10. PERSONNEL

The parties recognize that the Foundation must employ various individuals to carry out its functions hereunder; however, the parties also recognize, and hereby declare their intention to adhere to, those provisions of the plan adopted by University's Board of Trustees on June 20, 1978, as amended on June 19, 1984, particularly those portions which provide that University must retain responsibility and authority for the appointment of faculty and house staff, the determination of institutional staffing patterns and the maintenance of balance among programs and their component activities.

Accordingly, with respect to employment of personnel by Foundation, the parties agree as follows:

A. Foundation staff

The Foundation may employ an executive director and such assistants, including secretarial and clerical personnel as may be determined by its Board of Directors to be necessary to permit said Foundation to bill and collect professional fee income and to administer its funds in accord with the terms of the geographic full-time plan.

The Foundation is authorized to house computer equipment as may be required to communicate with its central computer and house sufficient employees in the University Medical Plaza building for the purpose of providing billing and financial information to patients of University physicians who are members of KMSF.

B. Other personnel

During the term of this contract Foundation agrees that it will not employ persons other than the employees authorized in Section 10.A. to perform services in University's patient care or college programs. Provided, however, that this provision shall not be construed to prohibit specific agreements between the parties whereby University will employ personnel for such service and/or research duties with reimbursement of salary, fringe benefits and other direct costs by Foundation. Where such personnel are employed for service in a specific department or unit, employment will not occur unless (1) the department or unit where service is to be performed has consented in writing to said appointment, (2) the Dean of the College of Medicine has approved the employment and the job description related thereto and (3) funds for the salary, fringe benefits, and other costs related to said employee are either on hand or reasonably anticipated in the departmental or unit budget.

C. Equal opportunity-affirmative action

Foundation agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age or handicap. The Foundation agrees that it will take affirmative action to ensure that applicants are employed and employees are treated during employment, without regard to their race, color, religion, sex, national origin, age or handicap. Such action shall include, but not be limited to the following: employment, upgrading demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other compensation; and selection for training. The Foundation agrees that it will, in all solicitations or advertisements for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age or handicap. The Foundation agrees that it will indemnify and save harmless the University, the Board of Trustees of the University including the individual members thereof, officers, agents and employees of the University by reason of any action at law or equity or by reason of any administrative proceeding initiated by any person arising out of any such employment action or practice of Foundation, including the payment of attorney fees and other costs of such action or proceeding.

Section 11. USE OF UNIVERSITY FACILITIES

The parties recognize that paragraphs III, B. 4, b, d, g and i of the "geographic full-time plan" adopted by University's Board of Trustees on June 20, 1978, as amended on June 19, 1984, require that institutional control be

maintained with respect to direction and supervision of institutional activities and programs, assignment and use of space in institutional facilities, determination of goals, objectives and priorities and the maintenance of balance among programs and their component activities.

Accordingly, Foundation and University agree that University will provide space for the Ophthalmology Clinic, the Chambers Building, appropriate assigned space in the University Medical Plaza and the Emergency Room (exclusive of faculty offices and classroom space contained therein) and other space officially designated for the conduct of the patient care operation.

With respect to any other facilities which University may from time to time provide to Foundation, Foundation shall be deemed a licensee without any property right whatsoever in said premises or facilities and shall, upon demand of University, vacate same.

Section 12. MEDICAL RECORDS

The parties agree that all medical records relating to the care of patients in University facilities or as a part of University programs, are and shall remain the property of University and that Foundation has no right or property interest therein. Provided, however, that nothing herein shall be construed to limit access to said records by members of University's faculty, staff, and students pursuant to existing University procedures. Provided, further, that University agrees to provide or make available to Foundation such information and data from patient records and program data maintained by

University as may be necessary for Foundation to perform its billing and collection functions herein provided, including such information and data as may be necessary to meet the requirements of third-party or other payors as the basis for payment for services.

Section 13. INSPECTION AND AUDIT

A. Foundation agrees that, in accord with paragraph II, B. 1, of the action of University's Board of Trustees dated June 20, 1978, as amended on June 19, 1984, its books, records and accounts are open at all reasonable times to inspection and audit by appropriately designated University representatives.

B. The parties agree that the University's Internal Auditors will conduct an audit of Foundation's operations and accounts for the period ending June 30, 1985 and such other audits, including audits to determine compliance with this agreement, the terms of the action of University's Board of Trustees on June 20, 1978, as amended on June 19, 1984, and the terms of the departmental agreements referred to in Section 19 hereof, as may be specified by the University of Kentucky Controller and Treasurer, and that Foundation's agents and employees will cooperate to the fullest extent possible with University's auditors designated to conduct same. Further, the parties agree that a firm of Certified Public Accountants, mutually agreeable to the parties, will be employed by the Foundation to perform an independent audit of the Foundation's books, records and accounts for the year ended June 30, 1987.

C. The Parties agree that Foundation will be furnished information by University sufficient for Foundation to verify the nature and detail of expenditure of funds paid to University under the provisions of Section 5.c.2. hereinabove.

Foundation agrees that it will furnish to University the following reports.

Annually

Audited Financial Statements to include:

Opinion of Independent Certified Public Accountants

Balance Sheet

Statement of Changes in Fund Balances

Statement of Current Revenues and Expenditures

Supplementary Schedules

Quarterly

Financial Statements to include:

Balance Sheet

Statement of Operations

Gross Billings

Collections

Financial Allowances

Bad Debts

Aging Trial Balance of Accounts Receivable by:

Patient liability

Third party payor

Reports of Delinquent Account Activity to include:

Referrals

Collections

Close and returns

Section 14. DEFAULT

A. In the event of any failure of Foundation to pay any sum due to University hereunder within thirty (30) days after written notice of such default shall have been mailed to Foundation, or any failure to perform any other of the terms, conditions or covenants of this agreement to be observed or performed by Foundation for more than thirty (30) days after written notice of such default shall have been mailed to Foundation, or if Foundation shall become bankrupt or insolvent, or file any debtor proceedings, or take or have taken against Foundation in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Foundation's property, or if Foundation makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement therewith, then University may terminate this agreement. Provided however, that should any default occur which cannot reasonably be corrected within such thirty (30) day period then Foundation shall have such additional time to correct said default as may be reasonably necessary if Foundation promptly initiates, and expeditiously carries out, appropriate action to correct such default.

B. University may at its election terminate this agreement with respect to any department without termination of the entire agreement for the same reasons and in the same manner as provided hereinabove.

Section 15. PROFESSIONAL LIABILITY

Nothing contained herein shall be construed to provide that any member of University's clinical faculty, house staff or student is acting as an agent of Foundation when providing care to patients in University facilities or as a part of an approved University program. University agrees that, when so acting, said faculty, house staff and students shall be considered agents of said University and that payment of claims or judgments may be made on their behalf from the fund provided pursuant to KRS 164.941 or other University funds or funds provided through any policy or policies of insurance maintained for said purpose.

Section 16. APPLICATION OF INCOME

University agrees that it will not, during the operation of this contract, cause charges for services rendered after July 1, 1978 by members of the faculty who have executed Practice Agreements and Assignments to be deposited in the accounts of the Fund for Advancement of Education and Research in the University of Kentucky pursuant to the provisions of University of Kentucky Administrative Regulation AR II-4.0-1; deposits of such charges attributable to faculty who have not executed said Practice Agreements and Assignments shall continue pursuant to said regulation.

Section 17. MANAGEMENT AND INVESTMENT POLICIES

A. The parties recognize and agree that the reimbursement of University costs incurred attendant to the production of professional income and the provision of a sum equal to nine (9%) percent of Foundation's gross income for the purpose of providing an academic enrichment fund for University's College of Medicine constitute the second and third charges, respectively, upon Foundation's gross income, the first charge being Foundation's ordinary and necessary expenses incurred in billing and collecting said income and providing for the central administration of Foundation. The mutual goal will be to raise the College of Medicine Academic Enrichment Fund tax to ten (10%) percent, but this is dependent upon the outcome of negotiations for the medical malpractice insurance program.

B. Accordingly, Foundation agrees that it will deposit the funds necessary to meet its obligations for reimbursement of the University and the provision of the aforementioned academic enrichment fund in a separate account as received and that the funds in said account shall be invested only in the following: (1) direct obligations of the United States Treasury; (2) other appropriate securities issued by federal agencies (including the Federal National Mortgage Association, the Export Import Bank, Federal Intermediate Credit Bank, Federal Home Loan Banks, Federal Land Banks); and (3) certificates of deposit collateralized by direct obligations of the federal government, federal agency obligations which qualify for direct investment under this recommendation, general obligations of the Commonwealth of Kentucky or obligations of the University of Kentucky.

Foundation shall be entitled to the investment income derived from said account, provided however investment income derived from balances

attributed to the academic enrichment fund identified in subparagraph A. and Section 7, paragraph B. hereinabove shall be credited to said account.

Section 18. PROVISION OF PROFESSIONAL LIABILITY INSURANCE

A. In the event the University is able to renew its professional liability Insurance Program, Foundation agrees that it will pay to University, as reimbursement to University for its portion of costs 48.45% of the costs of the following items: (i) payments required pursuant to KRS 164.941, (ii) costs of claims administration [Twelve (12) equal installments, the first said installment being due and payable on July 31, 1986 and monthly thereafter until June 30, 1987] and (iii) premiums to be paid for excess aggregate professional liability insurance [payable when premium(s) is(are) due from the University of Kentucky].

B. In addition, Foundation has agreed that between July 1, 1986 and June 30, 1987, it will cause to be deposited in a separate account within the Foundation the sum of 48.45% of the cost of self insurance (second level - $1,000,000 to $4,000,000), said account together with interest accruing thereto to be held solely for the purpose of payment of claims or judgments arising for liabilities defined in KRS 164.941 (3). No monies in said account shall be expended for any other purpose than as provided in this Section without the written agreement of University, nor shall such monies be encumbered, pledged or otherwise hypothecated. The monies in said account shall be invested only as provided in Section 17 hereof. Payment to the

separate account may be in equal installments, provided that the full 48.45% shall be deposited by June 30, 1987.

C. In the event it is not feasible for the University to obtain excess aggregate professional liability insurance coverage, KMSF agrees to pay 48.45% of the restructured insurance program.

Section 19. ADMINISTRATION OF DEPARTMENTAL FUNDS

A. Foundation agrees that it will, after making provision for: (1) the costs of its administration and costs relating to billing and collection, (2) reimbursement of University expenses pursuant to Section 5 hereof and (3) the College of Medicine Academic Enrichment Fund pursuant to Section 7 hereof, maintain its accounts in such a manner that income attributable to the professional clinical activities of each of the following departments or divisions shall be shown separately on books maintained by the Foundation from any other fund or funds held by said Foundation:

Anesthesiology

Diagnostic Radiology

Emergency Medicine

Family Practice

Medicine

Neurology

Ob/Gyn

Ophthalmology

Pathology

Pediatrics

Preventive Medicine & Environmental Health

Psychiatry

Radiation Medicine

Rehabilitation Medicine

Surgery

B. Thereafter, Foundation agrees that it will expend the funds maintained by it in the aforementioned accounts only in accord with the departmental or divisional agreement relating to each department or division. Said departmental agreements are recognized as a material portion of this agreement. Therefore the parties agree that University shall retain custody of all funds accruing to the account of departments for which an approved departmental agreement has not been executed. Said departmental or divisional agreements may be amended from time to time, as provided in said agreements, with the approval of the Dean of the College of Medicine.

Section 20. NOTICES

All notices, demands and requests hereunder shall be in writing and shall be given by United States Registered or Certified Mail or by messenger delivery, in the case of University to:

Dean, College of Medicine

MN-150

University Medical Center

800 Rose Street

Lexington, Kentucky 40536

In the case of Foundation to:

Kentucky Medical Services Foundation, Inc.
729 S. Limestone
Lexington, Kentucky 40508

Each party may from time to time change its address for purposes of notice by giving to the other party notice of such change of address. Any notice, demand or request given by United States Registered or Certified Mail, as provided herein, shall be deemed served on the date it is deposited in the United States mails properly addressed and with postage fully prepaid.

Section 21. RECORDS ACCESS

Pursuant to Public Law 96-499, Section 952, the Foundation agrees to make available upon written request from the Secretary of Health and Human Resources, the Comptroller General, or the Department of Human Services of the State of Kentucky or any of their duly authorized representatives, access to this contract and all other service agreements written or oral entered into or renewed since December 5, 1980, and access to books, documents, and records necessary to verify costs of services provided by such arrangements exceeding $10,000 in a 12-month period. Access will be permitted until four years have expired after completion of services furnished, and in accordance with the applicable federal regulations.

If the Foundation carries out any of the duties under this contract through a sub-contract with a related organization, with a value or cost of $10,000 or more over a 12-month period, such sub-contract shall contain a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to the sub-contract, the related organization shall make available, upon written request from the Secretary or Comptroller General, or any of their duly authorized representatives, the sub-contract, books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

Section 22. TERM

The term of this agreement shall begin on July 1, 1986 and end on June 30, 1987.

IN WITNESS WHEREOF, the parties hereto have executed this agreement, pursuant to proper authorization of their respective governing boards, as of the day and year first above written.

BOARD OF TRUSTEES OF
THE UNIVERSITY OF KENTUCKY
BY: _____
President
University of Kentucky

ATTEST: _____

KENTUCKY MEDICAL SERVICES
FOUNDATION, INC.
BY: _____

ATTEST: _____

Office of the President
June 25, 1986

FCR 1

Members, Board of Trustees:

INTERIM FINANCIAL REPORT

Recommendation: that the Board of Trustees accept the University of Kentucky financial report for the ten months ended April 30, 1986.

Background: As of April 30, 1986, the University of Kentucky had realized income of $412,422,720 representing 93% of the 1985-86 estimate of $445,254,953. Expenditures and commitments total $331,655,208 or 74% of the approved budget of $445,254,953.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Statement 1

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

ASSETS

	1985-86	1984-85
Current Funds		
Unrestricted		
Cash and cash equivalents	$ 69,876,923	$ 63,228,797
Total cash and cash equivalents	69,876,923	63,228,797
Petty cash	774,581	733,115
Investments	1,538,061	1,215,982
Accounts receivable	2,599,398	827,384
Accrued interest	2,177,835	1,471,179
Inventories	5,821,458	5,794,016
Unrealized income (Statement 3)	13,292,357	13,193,560
Total unrestricted	96,080,613	86,464,033
Restricted		
Cash in banks and cash equivalents	9,337,717	3,729,967
Cash on deposit with State Treasurer	868,771	1,931,298
Total cash and cash equivalents	10,206,488	5,661,265
Inventory	112,511	113,468
Investments		
Short term (Schedule 1)	33,685,272	33,401,295
Other	6,494	67,992
Unrealized income		
Restricted (Statement 3)	11,258,418	11,007,763
Tobacco Research Trust Fund (Statement 3)	699,421	633,909
Mining & Minerals Trust Fund	660,183	
Total restricted	56,628,787	50,885,692

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

LIABILITIES AND FUND BALANCES

	1985-86	1984-85
Current Funds		
Unrestricted		
Outstanding encumbrances	$ 4,187,952	$ 7,468,940
Due to other funds and affiliated corporations	13,153,479	9,431,026
Accrued expenses - disability, w/c, unemployment	5,553,749	2,185,882
Deferred income	82,597	53,033
Accrued vacation	4,513,900	4,243,900
Unencumbered balance, departmental appropriations (Statement 4)	61,485,651	56,291,645
Fund balances		
Allocated for working capital (Statement 2)	7,103,285	6,789,607
Total unrestricted	96,080,613	86,464,033
Restricted		
Payroll deposits	6,695,542	6,963,810
General fund collections	1,181,553	1,298,276
Outstanding encumbrances	296,220	554,208
Due to other funds and affiliated corporations	17,100,062	16,513,588
Deferred income	1,370	1,370
Refundable deposits	96,422	90,018
Other liabilities	101,533	107,229
Realized income in excess of estimate/Mining & Mineral Trust Fund		194,181
Unencumbered balance, departmental appropriations (Statement 4)	10,156,879	10,154,420
Unencumbered balance, Tobacco Research Trust Fund appropriation (Statement 4)	1,249,057	1,923,666
Unencumbered balance, Mining & Minerals (Statement 4)	864,732	
Fund balances		
Restricted fund (Statement 2)	17,167,157	12,139,928
Contracts and grants	595,476	
Tobacco Research Trust Fund - unallocated funds (Statement 2)	365,795	582,490
Mining and Minerals Trust Fund (Statement 2)	756,989	362,508
Total restricted	56,628,787	50,885,692

Statement 1

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

ASSETS

	1985-86	1984-85
Hospitals and Clinics		
Due from other funds and affiliated corporations	32,509,808	25,392,690
Accounts receivable, net of allowance for doubtful accounts of $9,172,708 in 1985-86 and $9,771,605 in 1984-85	18,850,024	15,105,292
Inventories	571,554	398,424
Unrealized income	3,275,415	4,873,303
Total hospital and clinics	55,206,801	45,769,709
Housing and dining system		
Cash and cash equivalents	3,812,213	5,467,861
Total cash	3,812,213	5,467,861
Accrued interest receivable	201,125	189,812
Accounts receivable	432,065	883,899
Inventories	660,037	639,885
Prepaid expenses	358,356	77,665
Unrealized income (Statement 3)	1,926,945	3,944,727
Total housing and dining system	7,390,741	11,203,849
Other auxiliary enterprises		
Cash and cash equivalents	1,545,092	1,316,843
Total cash	1,545,092	1,316,843
Accounts receivable	56,956	92,657
Inventories	745,406	683,808
Unrealized income (Statement 3)	1,719,494	1,971,762
Total auxiliary enterprises	4,066,948	4,065,070
TOTAL CURRENT FUNDS	$ 219,373,890	$ 198,388,353

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

LIABILITIES AND FUND BALANCES

	1985-86	1984-85
Hospitals and clinics		
Outstanding encumbrances	41,427	95,690
Accounts payable	3,127,407	4,849,784
Accrued vacation	1,056,111	1,057,693
Unexpended balance, departmental appropriation (Statement 4)	34,945,215	18,044,310
Fund balances - allocated (Statement 2)		
Working capital	16,036,641	19,643,940
Future operating purposes		2,078,292
Total fund balance (Statement 2)	16,036,641	21,722,232
Total hospital and clinics	55,206,801	45,769,709
Housing and dining system		
Accrued expenses	99,872	286,706
Accrued wages	143,917	39,875
Accrued vacation	215,000	215,000
Accounts payable	340,620	307,663
Due to other funds and affiliated corporations	1,479,808	2,671,062
Refundable deposits	83,972	94,521
Deferred income	815,270	814,782
Unexpended balance, departmental appropriation (Statement 4)	3,092,665	5,676,122
Fund balance		
Allocated for future operations - scholarships	20,719	
Allocated for future operations - other	365,353	1,098,118
Allocated for working capital	733,545	
Total fund balances	1,119,617	1,098,118
Total housing and dining system	7,390,741	11,203,849
Other auxiliary enterprises		
Outstanding encumbrances	73,338	117,259
Unencumbered balance, departmental appropriation (Statement 4)	1,805,546	1,955,652
Fund balances - allocated		
Working capital	941,225	974,346
Future operating purposes	1,246,839	1,017,813
Total fund balance (Statement 2)	2,188,064	1,992,159
Total other auxiliary enterprises	4,066,948	4,065,070
TOTAL CURRENT FUNDS	$ 219,373,890	$ 198,388,353

Statement 1

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

ASSETS

	1985-86	1984-85
Loan funds		
Cash in bank	$ 1,882,669	$ 1,438,010
Notes receivable, net allowance for doubtful accounts of $2,231,193 in 1985-86 and $2,489,679 in 1984-85	14,096,697	12,909,768
Due from other funds and affiliated corporations		375
Due from United Student Aid loan fund	2,000	2,000
TOTAL LOAN FUNDS	$ 15,981,366	$ 14,350,153
Endowment funds		
Investments	$ 28,346,319	$ 24,003,942
TOTAL ENDOWMENT FUNDS	$ 28,346,319	$ 24,003,942
Plant funds		
Unexpended		
Cash on deposit with State Treasurer		
Cash and cash equivalents	$ 52,790,624	$ 34,856,546
Total cash on deposit with State Treasurer	52,790,624	34,856,546
Construction in progress	29,336,308	24,673,976
Due from other funds and affiliated corporations	3,372,168	8,247,550
Total unexpended plant funds	85,499,100	67,778,072

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

LIABILITIES AND FUND BALANCES

	1985-86	1984-85
Loan funds		
Accumulated interest income	1,634,291	2,209,960
Total liabilities	1,634,291	2,209,960
Fund balances		
U. S. Government grants refundable	10,911,536	9,259,228
University funds	3,435,539	2,880,965
Total university loan funds	$ 15,981,366	14,350,153
Endowment funds		
Fund balances	$ 28,346,319	$ 24,003,942
TOTAL ENDOWMENT FUNDS	$ 28,346,319	$ 24,003,942
Plant funds		
Unexpended		
Outstanding encumbrances	$ 24,791,821	$ 7,785,773
Accounts payable	1,658,267	
Bonds payable	24,600,000	13,364,412
Bond anticipation notes payable		3,500,000
Fund balances allocated for construction - renovation	34,449,012	43,127,887
Total unexpended plant funds	85,499,100	67,778,072

Statement 1

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

ASSETS

	1985-86	1984-85
Renewal and replacement		
Cash and cash equivalents	$ 3,170,356	$ 2,827,546
Total cash	3,170,356	2,827,546
Accrued interest receivable	61,339	27,737
Investments held by Trustees	1,522,002	1,714,613
Total renewal and replacements	4,753,697	4,569,896
Retirement of indebtedness		
Cash on deposit with State Treasurer	1,531,603	72,046
Total cash	1,531,603	72,046
Accrued interest receivable	305,383	251,392
Investments held by Trustees	20,715,925	13,979,407
Due from other funds and affiliated corporations		
Total retirement of indebtedness	22,552,911	14,302,845
Investment in plant		
Land	23,830,545	22,572,971
Buildings	321,087,674	310,857,071
Equipment	143,217,282	132,752,473
Total investment in plant	488,135,501	466,182,515
TOTAL PLANT FUNDS	$ 600,941,209	$ 552,833,328
Agency funds		
Cash in bank	$ 241,259	$ 141,848
Investments short - term (Schedule 1)	15,000	15,000
TOTAL AGENCY FUNDS	$ 256,259	$ 156,848

University of Kentucky
Balance Sheet
April 30, 1986
With Comparative Figures for 1984-85

LIABILITIES AND FUND BALANCES

	1985-86	1984-85
Renewal and replacement		
Fund balances		
Restricted (Schedule 4)	1,154,000	1,154,000
Unrestricted (Schedule 4)	3,599,697	3,415,896
Total fund balances	4,753,697	4,569,896
Total renewal and replacements	4,753,697	4,569,896
Retirement of indebtedness		
Bonds payable (Schedule 3)	1,078,000	1,168,000
Fund balances (Schedule 3)	21,474,911	13,134,845
Total retirement of indebtedness	22,552,911	14,302,845
Investment in plant		
Bonds payable	116,608,000	112,696,588
Notes payable	185,624	371,248
Bonds Anticipation Notes Payable	7,700,000	4,200,000
Lease purchase obligation	3,835,000	4,060,000
Net investment in plant	359,806,877	344,854,679
Total investment in plant	488,135,501	466,182,515
TOTAL PLANT FUNDS	$ 600,941,209	$ 552,833,328
Agency unds		
Outstanding encumbrances		
Funds held in custody for others	$ 256,259	$ 156,848
TOTAL AGENCY FUNDS	$ 256,259	$ 156,848

Statement 2

University of Kentucky
Statement of Changes in Fund Balances-Current Funds
Ten Months Ended April 30, 1986

	Unrestricted Allocated	Other Restricted	Tobacco Research Trust Fund	Mining and Minerals Trust Fund	Hospitals and Clinics	Housing Dining System Funds for Future Operating Purposes	Other Auxiliary Enterprises
Fund balances July 1, 1985	$ 22,213,612	$ 17,762,633	$ 1,465,795	$ 756,989	$ 32,617,617	$ 1,498,898	$ 2,188,064
Realized income	276,021,161	24,968,848	3,600,579	928,517	86,564,761	16,525,616	3,813,238
Unrealized income	13,292,357	11,258,418	699,421	660,183	3,275,415	1,926,945	1,719,494
Total estimated income	289,313,518	36,227,266	4,300,000	1,588,700	89,840,176	18,452,561	5,532,732
Less fund balance appropriated	15,110,327		1,100,000		16,580,976	379,281	
Net current estimated income	274,203,191	36,227,266	3,200,000	1,588,700	73,259,200	18,073,280	5,532,732
Total available	296,416,803	53,989,899	4,665,795	2,345,689	105,876,817	19,572,178	7,720,796
Current year expenditures/ encumbrances	227,827,867	26,070,387	3,050,943	723,968	54,894,961	15,359,896	3,727,186
Unencumbered balances, appropriations	61,485,651	10,156,879	1,249,057	864,732	34,945,215	3,092,665	1,805,546
Total authorized appropriations	289,313,518	36,227,266	4,300,000	1,588,700	89,840,176	18,452,561	5,532,732
Fund balances April 30, 1986	$ 7,103,285	$ 17,762,633	$ 365,795	$ 756,989	$ 16,036,641	$ 1,119,617	$ 2,188,064

University of Kentucky
Summary of Current Funds Revenues and Appropriated Balances
Ten Months Ended April 30, 1986 With Comparative Figures for 1984-85

Fund and Source	1985-86 Estimated for the Year	1985-86 Realized to Date	1985-86 % Realized to Date	1984-85 Estimated for the Year	1984-85 Realized to Date	1984-85 % Realized to Date
Unrestricted						
Student Fees	$ 44,591,285	$ 43,018,013	96	$ 41,570,415	$ 38,865,527	93
Federal appropriations	14,159,136	11,053,146	78	13,727,230	11,825,713	86
County appropriations	3,185,100	1,946,773	61	3,168,464	1,720,750	54
Endowment and trust fund income	679,200	210,349	31	279,200	465,111	167
Investment income	9,225,400	7,514,604	81	7,806,200	7,103,109	91
Gifts and grants						
UKRF	4,113,000	653,104	16	4,561,726	24,196	1
The Fund	861,300	425,674	49	823,200	514,353	62
Other funds	175,000	43,017	25	349,100		
Other	1,222,350	846,818	69	1,228,981	1,115,183	91
Sales, services, other income	9,674,320	8,859,727	92	8,954,992	6,818,806	76
Subtotal	87,886,091	74,571,225	85	82,469,508	68,452,748	83
State appropriations	186,317,100	186,339,609	100	170,376,300	170,376,300	100
Fund balance appropriated	15,110,327	15,110,327	100	12,876,746	12,876,746	100
Total unrestricted	289,313,518	276,021,161	95	265,722,554	251,705,794	95
Restricted						
Tobacco Research Trust Fund						
Appropriations	3,200,000	2,500,579	78	3,200,000	2,566,091	80
Fund balance appropriated	1,100,000	1,100,000	100	1,604,000	1,604,000	100
Total Tobacco Research Trust Fund	4,300,000	3,600,579	84	4,804,000	4,170,091	87
Mining & Minerals Trust Fund	1,588,700	928,517	58		194,181	
Other Restricted	36,227,266	24,968,848	69	27,230,605	16,222,842	60
Hospitals and clinics						
State appropriations	1,017,000	1,017,000	100	7,149,500	7,149,500	100
Hospital earned income-net	72,242,200	68,966,785	95	66,814,390	61,941,087	93
Appropriated fund balance	16,580,976	16,580,976	100			
Total hospital and clinics	89,840,176	86,564,761	96	73,963,890	69,090,587	93
Housing and dining system	18,452,561	16,525,616	90	21,326,720	17,381,993	82
Auxiliary Enterprises	5,532,732	3,813,238	69	6,894,943	4,923,181	71
TOTAL CURRENT FUNDS AND APPROPRIATED BALANCES	$ 445,254,953	$ 412,422,720	93	$ 399,942,712	$ 363,688,669	91

University of Kentucky
Summary of Current Funds Expenditures
Ten Months Ended April 30, 1986
With Comparative Figures for 1984-85

Fund or Function	1985-86 Appropriation for the Year	1985-86 Expended Encumbered to Date	1985-86 % Expended Encumbered to Date	1984-85 Appropriation for the Year	1984-85 Expended Encumbered to Date	1984-85 % Expended Encumbered to Date
Unrestricted						
Instruction	116,620,290	92,051,320	79	111,190,012	88,135,609	79
Summer Session - 1985	2,283,718	1,771,717	78	2,281,077	1,758,021	77
Research	21,433,571	18,420,380	86	19,410,541	16,786,830	86
Public service	33,629,552	27,871,415	83	30,290,650	23,577,675	78
Academic support	28,481,252	21,657,687	76	22,834,184	18,231,940	80
Student services	9,676,130	7,766,752	80	7,999,999	5,911,212	74
Staff Benefits	9,997,618	4,943,571	49	11,854,719	6,066,953	51
Institutional support	20,861,197	17,078,503	82	17,064,560	12,738,908	78
Maintenance and operation of plant	22,530,191	17,280,305	77	23,120,818	18,032,660	74
Renovation, office furniture, etc.	6,387,489	5,430,300	85	4,302,791	4,150,560	96
Debt service	12,426,700	9,027,503	73	10,407,400	9,445,410	91
Scholarships and fellowships	4,985,810	4,528,414	91	4,142,603	3,771,931	91
Total unrestricted	289,313,518	227,827,867	79	264,899,354	208,607,709	79

University of Kentucky
Summary of Current Funds Expenditures
Ten Months Ended April 30, 1986
With Comparative Figures for 1984-85

Fund or Function	1985-86 Appropriation for the Year	1985-86 Expended Encumbered to Date	1985-86 % Expended Encumbered to Date	1984-85 Appropriation for the Year	1984-85 Expended Encumbered to Date	1984-85 % Expended Encumbered to Date
Restricted						
Tobacco Research Trust Fund	4,300,000	3,050,943	71	4,804,000	2,880,334	60
Mining & Minerals Trust Fund	1,588,700	723,968	46			
Other Restricted						
Instruction	2,506,811	1,372,672	55	3,675,886	1,401,523	38
Research	12,384,439	7,086,215	57	8,748,153	4,090,918	47
Public service	3,464,578	3,001,466	87	966,284	294,473	30
Academic support	1,109,407	330,295	30	121,154	40,100	33
Maintenance and operations	47,000	13,849	29			
Student services	13,009,212	11,798,384	91	12,014,252	10,401,461	87
Institutional support	967,693	735,196	76	271,473	104,354	38
Student aid	2,738,126	1,732,310	63	1,433,403	743,356	52
Total other restricted	36,227,266	26,070,387	72	27,230,605	17,076,185	63
Hospitals and clinics	89,840,176	54,894,961	61	73,963,890	55,919,580	76
Housing and dining system	18,452,561	15,359,896	83	21,326,720	15,650,598	73
Other auxiliary enterprises	5,532,732	3,727,186	67	6,894,943	4,939,291	72
TOTAL CURRENT FUNDS EXPENDITURES	$ 445,254,953	$ 331,655,208	74	$ 399,119,512	$ 305,073,697	76

Schedule 1

University of Kentucky
Schedule of Short Term Investments
April 30, 1986

	Maturity Value	Cost
Restricted Current Funds		
Government securities		
U.S. Treasury Notes, 7.875%, 5/15/86	$ 685,000	$ 685,000
U.S. Treasury Notes, 11.375%, 8/15/86	4,000,000	4,022,153
U.S. Treasury Notes, 11.625%, 10/31/86	4,000,000	4,035,833
U.S. Treasury Notes, 10.0%, 2/28/87	5,000,000	5,070,722
U.S. Treasury Notes, 10.75%, 3/31/87	3,000,000	3,047,332
U.S. Treasury Notes, 12.0%, 5/15/87	5,250,000	5,426,434
U.S. Treasury Notes, 12.5%, 5/15/87	4,750,000	4,940,186
U.S. Treasury Notes, 9.125%, 5/31/87	950,000	957,612
Total government securities	27,635,000	28,185,272
Certificates of deposit		
Bank of Commerce, 9.40%, 6/25/86	1,500,000	1,500,000
Bank of Commerce, 8.50%, 12/10/86	4,000,000	4,000,000
	5,500,000	5,500,000
TOTAL RESTRICTED FUNDS	$ 33,135,000	$ 33,685,272
Agency Funds		
Government securities		
U.S. Treasury Notes, 7.875%, 5/15/86	$ 15,000	$ 15,000
TOTAL AGENCY FUNDS	$ 15,000	$ 15,000

Schedule 1

University of Kentucky
Schedule of Retirement of Indebtedness Funds
For the Ten Months Ended April 30, 1986

	Estimated	Realized	% Realized
Source of Funds			
Unrestricted current funds	$ 12,426,700	$ 9,027,503	73
Housing and dining system	2,484,992	2,484,992	100
Auxiliary enterprises current funds	116,688	116,688	100
Current restricted funds		723,967	
Plant funds		440,300	
TOTAL RETIREMENT OF INDEBTEDNESS FUNDS	$ 15,028,380	$ 12,793,450	85

	Appropriated	Expended	% Expended
Debt Service			
Current unrestricted funds debt			
Consolidated Educational Buildings-Series A	509,600	9,849	2
Consolidated Educational Buildings-Series B	483,960	24,616	5
Consolidated Educational Buildings-Series C	234,800	32,422	14
Consolidated Educational Buildings-Series D	2,413,255	839,981	35
Consolidated Educational Buildings-Series E	291,628	130,952	45
Consolidated Educational Buildings-Series F	525,330	225,374	43
Consolidated Educational Buildings-Series G	2,219,747	712,141	32
Consolidated Educational Buildings-Series H	1,122,865	341,901	30
Consolidated Educational Buildings-Series I	1,851,111		
Community Colleges Educational Buildings-Series A-E	2,774,404	983,092	35
Subtotal	12,426,700	3,300,328	27
Housing and Dining System Revenue Bonds-Series A-L	2,484,992	713,790	29
Other Auxiliary Enterprises			
Alpha Delta Pi	7,529	7,529	100
Dorms G-L	48,953	48,953	100
Phi Delta Theta	7,945	7,945	100
Alpha Tau Omega	8,228	8,228	100
Housing Bonds of 1960	14,094	14,094	100
Student Housing Bonds of 1964	29,939	29,939	100
Subtotal	116,688	116,688	100
TOTAL RETIREMENT OF INDEBTEDNESS FUNDS	$ 15,028,380	$ 4,130,806	27

Schedule 3

University of Kentucky
Schedule of Retirement of Indebtedness Sinking Funds
April 30, 1986

	Total Sinking Funds	Bonds Payable	Fund Balances
Bond Issue with Reserves Fully Funded			
Consolidated Educational Buildings Project and Interest Sinking Fund			
Series A	$ 1,131,904		$ 1,131,904
Series B	1,069,466		1,069,466
Series C	429,383		429,383
Series D	3,946,624		3,946,624
Series E	425,389		425,389
Series F	827,464		827,464
Series G	1,748,433		1,748,433
Series H	1,588,829		1,588,829
Series I	1,055,188		1,055,188
Community College Educational Buildings Project Bond and Interest Sinking Fund			
Series A-E	4,291,006		4,291,006
Housing and Dining System Revenue Bond and Interest Sinking Fund	4,365,367		4,365,367
Student Housing Bond and Interest Sinking Fund of 1964	216,755		216,755
Student Housing Bond and Interest Sinking Fund of 1960	156,895		156,895
Dormitory Revenue Bonds of 1956	50,000		50,000
Total Bond Issues with Reserves Fully Funded	21,302,703		21,302,703
Bonds Fully Funded by Escrow Accounts			
Cooperstown Future Bond and Interest Fund	1,250,208	1,078,000	172,208
TOTAL SINKING FUNDS	$ 22,552,911	$ 1,078,000	$ 21,474,911

Schedule 4

University of Kentucky
Schedule of Renewal and Replacement
For the Ten Months Ended April 30, 1986

	Restricted	Unrestricted	Total Fund Balances
Repair and Maintenance Reserves			
Housing and Dining System	$ 1,074,000	$ 428,189	$ 1,502,189
Student Housing Buildings of 1964	50,000	23,161	73,161
Student Housing Buildings of 1960	30,000	14,103	44,103
Total repair and maintenance reserves	1,154,000	465,453	1,619,453
Renewal and Replacement Funds			
Housing and Dining Funds		2,926,618	2,926,618
Other Auxiliary Enterprises		207,626	207,626
Total renewal and replacement funds		3,134,244	3,134,244
GRAND TOTAL	$ 1,154,000	$ 3,599,697	$ 4,753,697

Office of the President
June 25, 1986

FCR 2

Members, Board of Trustees:

ACCEPTANCE OF AUDIT FOR THE
UNIVERSITY OF KENTUCKY FEDERAL CREDIT UNION

Recommendation: that the Board of Trustees accept the audited financial statement of the University of Kentucky Federal Credit Union for the twelve month period ended December 31, 1985.

Background: The financial report of the University of Kentucky Federal Credit Union has been audited by the firm of Coopers & Lybrand, Certified Public Accountants, and is presented to the Board for its acceptance. The Federal Credit Union maintains its books and records on a calendar year-end basis.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

UNIVERSITY OF KENTUCKY
FEDERAL CREDIT UNION

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS
for the years ended December 31, 1985 and 1984

Coopers
&Lybrand

Certified Public Accountants

C O N T E N T S

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Statement of Financial Condition	2
Statement of Income	3
Statement of Retained Earnings	4
Statement of Changes in Financial Position	5
Notes to Financial Statements	6-9

Coopers
&Lybrand

certified public accountants

To The Board of Directors of the
University of Kentucky Federal
Credit Union

We have examined the statement of financial condition of the University of Kentucky Federal Credit Union as of December 31, 1985 and 1984 and the related statements of income, retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the University of Kentucky Federal Credit Union as of December 31, 1985 and 1984, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

Lexington, Kentucky
March 26, 1986

UNIVERSITY OF KENTUCKY FEDERAL CREDIT UNION

STATEMENT OF FINANCIAL CONDITION

December 31, 1985 and 1984

ASSETS	1985	1984
Loans to members, net of allowance for loan losses of $44,900 and $35,000 in 1985 and 1984, respectively (Notes 1 and 2)	$ 9,106,435	$ 8,410,444
Cash	454,017	254,695
Investments, at cost which approximates market (Note 1)	4,900,068	1,668,360
Accrued interest receivable	46,946	37,886
Property and equipment (Notes 1 and 3)	517,556	518,542
Prepaid expenses	9,933	8,309
Other assets	97,120	
	$15,132,075	$10,898,236
LIABILITIES AND EQUITY		
Savings accounts (Note 4)	$13,265,283	$ 9,179,632
Accounts payable and accrued liabilities	62,045	42,733
Total liabilities	13,327,328	9,222,365
Retained earnings substantially restricted:		
Appropriated (Note 1):		
Statutory reserve	549,080	506,727
Contingency reserve	850,000	850,000
Total appropriated	1,399,080	1,356,727
Unappropriated	405,667	319,144
Total retained earnings	1,804,747	1,675,871
	$15,132,075	$10,898,236

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF KENTUCKY FEDERAL CREDIT UNION

STATEMENT OF INCOME

for the years ended December 31, 1985 and 1984

	1985	1984
Interest income:		
Interest and fees on loans	$1,172,368	$1,005,059
Interest on investments	218,478	127,364
	1,390,846	1,132,423
Interest expense:		
Dividends on savings accounts	624,620	475,224
Net interest income	766,226	657,199
Provision for loan losses (Note 2)	19,703	48,270
Net interest income after provision for loan losses	746,523	608,929
Other operating income:		
Fees and charges on savings accounts	166,044	57,042
Rent income		22,000
Other	34,102	28,589
	200,146	107,631
Operating expense:		
Compensation and benefits	310,582	287,767
Occupancy expense (Note 3)	96,958	106,628
Computer and bank service fees for maintenance of savings accounts	262,312	136,863
Other	147,941	117,530
	817,793	648,788
Other income (expense):		
Securities losses		(11,994)
Loss on sale of equipment		(12,891)
Net income	$ 128,876	$ 42,887

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF KENTUCKY FEDERAL CREDIT UNION

STATEMENT OF RETAINED EARNINGS

for the years ended December 31, 1985 and 1984

	Appropriated			
	Statutory Reserve	Contingency Reserve	Unappropriated	Total
Balances, January 1, 1984	$472,221	$850,000	$310,763	$1,632,984
Transfers, net	34,506		(34,506)	
Net income			42,887	42,887
Balances, December 31, 1984	506,727	850,000	319,144	1,675,871
Transfers, net	42,353		(42,353)	
Net income			128,876	128,876
Balances, December 31, 1985	$549,080	$850,000	$405,667	$1,804,747

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF KENTUCKY FEDERAL CREDIT UNION

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the years ended December 31, 1985 and 1984

Funds Provided	1985	1984
Operations:		
Net income	$ 128,876	$ 42,887
Items not requiring the use of funds:		
Dividends credited to savings accounts	624,620	475,224
Provision for loan losses	19,703	48,270
Depreciation	45,166	50,159
Funds provided by operations	818,365	616,540
Decrease in cash		297,552
Decrease in prepaid expenses		26,533
Increase in savings accounts, net of dividends credited	3,461,031	1,779,019
Increase in accounts payable and accrued liabilities	19,312	6,064
	$4,298,708	$2,725,708
Funds Used		
Increase in loans to members, net	$ 715,694	$2,396,943
Increase in investments	3,231,708	246,436
Increase in cash	199,322	
Increase in accrued interest receivable	9,060	8,806
Purchase of property and equipment, net	44,180	73,523
Increase in prepaids	1,624	
Increase in other assets	97,120	
	$4,298,708	$2,725,708

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:

a. Loans to Members and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. Accrual of interest is discontinued on a loan when management believes, after considering economics, business conditions, and collection efforts, that the borrowers' financial condition is such that collection of interest is doubtful.

b. Investments

Investment securities are at cost. Investments include a savings account, certificates of deposit of banks and savings and loans, and common funds for which cost approximates market. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method.

c. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The cost of assets sold and the related accumulated depreciation are eliminated from the accounts and any gain or loss is included in income.

(Continued)

1. Significant Accounting Policies, continued:

d. Appropriated Retained Earnings

Statutory Reserve - This reserve is maintained as required by statutory reserve requirements for federal credit unions. Reserve levels are determined based upon risk assets (mainly loans to members) and gross income of the credit union. Based upon the ratio of the statutory reserve balance before transfers to total risk assets, the credit union is required to transfer a specified percentage of gross income to the reserve. No transfers are required where the reserve is 6% or greater of total risk assets. This reserve is not available for the payment of dividends.

Contingency Reserve - The contingency reserve represents an appropriation of retained earnings by the Board of Directors and constitutes a general reserve for any unforseen contingencies.

e. Membership

Membership in the Credit Union is limited to persons and their immediate families who are employees of the University of Kentucky and affiliated organizations as approved by the Board of Directors of the Credit Union.

2. Loans to Members:

Loans to members consist primarily of fully secured automobile and second mortgage loans, as well as unsecured personal lines of credit.

Loans to directors, members of directors' committees and officers of the Credit Union were approximately $123,500 at December 31, 1985.

A summary of the changes in the allowance for loan losses is as follows:

	1985	1984
Balance, beginning of year	$ 35,000	$ 15,000
Provision charged to operations	19,703	48,270
Loans charged off	(11,976)	(34,967)
Recoveries	2,173	6,697
Balance, end of year	$ 44,900	$ 35,000

(Continued)

2. Loans to Members, continued:

Interest accrual is discontinued on loans greater than six months past due. At December 31, 1985, non-accrual loans amounted to approximately $126,000 on which interest income if accrued would have been approximately $16,000.

3. Property and Equipment:

Property and equipment is summarized as follows:

	1985	1984
Land	$126,330	$126,330
Building	300,321	300,321
Building improvements	37,066	17,766
Equipment	147,251	122,371
	610,968	566,788
Accumulated depreciation	93,412	48,246
	$517,556	$518,542

Occupancy expense includes $45,166 and $50,159 of depreciation expense for 1985 and 1984, respectively.

4. Savings Accounts:

A summary of savings accounts is as follows:

	1985	1984
Share drafts	$ 3,334,898	$1,966,177
Regular savings	9,368,974	6,934,363
IRA accounts	561,411	279,092
	$13,265,283	$9,179,632

Dividend rates in 1985 were as follows:

Share drafts	5%	
Regular savings	7%	through September 30, 1985; 6-6 1/2% thereafter
IRA accounts	10%	

(Continued)

5. Taxation:

The Credit Union is exempt from Federal income tax under the provision of the Internal Revenue Code, Section 501(c)(14).

6. Pension Plan:

The credit union participates in a noncontributory defined benefit pension plan covering substantially all of its employees. Total pension expense was approximately $12,300 and $17,700 for 1985 and 1984, respectively. Annual contributions made to the plan equal amounts accrued for pension expense. Past service costs have been fully funded. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the plan as of the most recent actuarial valuation of December 31, 1984 were as follows:

Actuarial present value of accumulated plan benefits:	
Vested	$17,788
Nonvested	3,696
	$21,484
Net assets available for benefits	$31,985

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7 percent.

Office of the President
June 25, 1986

FCR 3

Members, Board of Trustees:

Disposal of Personal Property

Recommendation: that the Board of Trustees approve the disposition of livestock from the College of Agriculture for the fiscal year 1986-87 based on an advance plan which identifies type of livestock, estimated numbers to be sold, and the reason for the disposition (Exhibit I);

that the Board of Trustees approve the disposition of recyclable materials (i.e., scrap paper, metal, x-ray film and precious metals) for the fiscal year 1986-87 based on an advance plan which identifies type of materials, estimated volume to be sold, and the reason for the disposition (Exhibit II);

that the Board of Trustees also approve the disposition of surplus, damaged or deteriorated, or obsolete equipment based on an advance plan which identifies a sales calendar and estimated proceeds (Exhibit III).

Background: KRS 164A.575 requires that the governing board sell or otherwise dispose of all personal property which is not needed by the institution. The Board will be provided with a description of the property, the reason why the disposal should be effected, and the method of disposition (auction, sealed bid, etc.).

Each sale or disposition of personal property will not be effected until the approval of the Board of Trustees is obtained, except for the sale of livestock, recyclable materials and surplus equipment, based on an advance annual plan.

Exhibit I is the anticipated livestock disposal request.

Exhibit II is the anticipated recyclable materials disposal request.

Exhibit III is the anticipated surplus, damaged and obsolete equipment disposal request.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Exhibit I

UNIVERSITY OF KENTUCKY

Surplus Property Disposal Request

Anticipated Livestock Disposal Request
1986-87

Estimated Quantities to be Sold

Hogs	2000 Head
Horses	50 Head
Cattle	1000 Head
Sheep	600 Head

Sale Methods

Auction
Sealed Bid
Packing Company
Private Treaty

Reason for Selling

Research Program Completed
Low Milk Production
Breeding Problems
To Obtain Carcass Data and Analytical Samples
Age

Exhibit II

UNIVERSITY OF KENTUCKY

Surplus Property Disposal Request

Anticipated Recyclable Materials Disposal Request
1986-87

Sale Method

Sealed Bid

Estimated Quantities to be Sold

Scrap Paper	200,000 lbs.
Scrap Metal	220,000 lbs.
Scrap Silver and Film	12,000 lbs.

Exhibit III

UNIVERSITY OF KENTUCKY

Surplus Property Disposal Request

Anticipated Public Sale of Surplus,
Damaged and Obsolete Equipment Request
1986-87

Estimated Dates of Sales and Proceeds

Date	Proceeds
July 1986	$3,500.00
August 1986	1,000.00
October 1986	3,000.00
January 1987	3,000.00
April 1987	2,500.00
June 1987	3,500.00

Sale Methods

Public Auction or Sealed Bid

Reason for Disposition

Equipment in a deteriorated condition (junk), damaged or obsolete, that is determined to be surplus to the needs of the University. All such equipment has only a small amount of residual value and will be disposed of in a competitive sales method (i.e., public auction or sealed bid).

Office of the President
June 25, 1986

FCR 4

Members, Board of Trustees:

Approval of Lease

Recommendation: that the Vice Chancellor for Administration, Lexington Campus, be authorized to renew the lease between the University of Kentucky Medical Center, Finance Division and The Webb Companies, 1700 Vine Center, Lexington, Kentucky for 10,335 square feet of office space at 2667 Regency Road, Lexington, Kentucky, effective July 1, 1986 through June 30, 1987 at a rental rate of $26,483.44 quarterly.

Background: This lease was entered into on July 1, 1985 and continued through June 30, 1986. The Medical Center wishes to continue with the lease from July 1, 1986 through June 30, 1987 at the same rental rate.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

#0145,p-56

Office of the President
June 25, 1986

FCR 5

Members, Board of Trustees:

Approval of Lease

Recommendation: that the Vice Chancellor for Administration, Lexington Campus, be authorized to enter into a lease between the University of Kentucky Community College System and Midtown Complex of Owensboro, 720 Frederica Street, Suite 301, Owensboro, Kentucky for 9,000 square feet of classroom and office space including 250 parking spaces, utilities, necessary renovations and janitorial services at 920 Frederica Street, Owensboro, Kentucky, effective July 1, 1986 through June 30, 1987 at a rental rate of $66,000 annually.

Background: An advertisement was placed in the Owensboro Messenger-Inquirer newspaper to accommodate classroom and office space for the newly established Owensboro Community College. After analyzing the two bids, it was determined that this space was the most desirable because of the lower total cost and the proximity existing to the temporary facility used by the University of Kentucky Community College at Owensboro.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

#0145-p51

Office of the President
June 25, 1986

FCR 6

Members, Board of Trustees:

Report of Leases

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

The execution of a lease between the Department of Agronomy and J. David Miller, 1608 Franklin Crossroad Road, Cecilia, Kentucky, effective May 1, 1986 through December 1, 1986, for the use of 2.5 acres for a soybean breeding project, rental rate $175.00 annually, be accepted and made a matter of record;

The execution of a lease between the Department of Behavioral Science and Bourbon Medical Center, %Dr. James Ferrell, 2017 South Main Street, Paris, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate $2,599.92 annually, be accepted and made a matter of record;

The execution of a lease between the University of Kentucky Center for Business Development and Mike Angeline, Trust, %Realty One, 319 S. Mulberry Street, Elizabethtown, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate $4,200 annually, be accepted and made a matter of record;

The execution of a lease between the Department of Agronomy and Wilbert Perkins, Route 1, Frankfort, Kentucky, effective May 1, 1986 through September 30, 1986, for the use of 1.7 acres for tobacco experimentation, rental rate of $1,200, be accepted and made a matter of record;

The execution of a lease between the Department of Agronomy and Harold Wiles, Route 1, Dunnville, Kentucky, effective May 1, 1986 through September 1, 1986, for the use of 1.2 acres for tobacco experimentation, rental rate of $1,000, be accepted and made a matter of record;

The execution of a lease between the Cooperative Extension Service and Christian County Farm Bureau, 509 West Ninth Street, P. O. Box 522, Hopkinsville, Kentucky, effective July 1, 1986 though June 30, 1987, for the use of office space, rental rate of $5,566 annually, be accepted and made a matter of record;

The execution of a lease between the Cooperative Extension Service and C & T Company, Mr. J. T. Carneal, Partner, 5100 Reidland Road, Paducah, Kentucky, effective July 1, 1986 through June 30, 1987, for tne use of office space, rental rate of $3,200 annually, be accepted and made a matter of record;

The execution of a lease between the Cooperative Extension Service and Roger E. LaPointe, Jr., 1617 Park Street, Bowling Green, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $6,600 annually, be accepted and made a matter of record;

The execution of a lease between the Cooperative Extension Service and Aetna Properties, Dr. Wayne Dehoney, Partner, 2103 High Ridge Road, Louisville, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $14,586.32 annually, be accepted and made a matter of record;

The execution of a lease between the Cooperative Extension Service and Lincoln Trail Development Foundation, Inc., 702 College Street Road, Elizabethtown, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $3,408.75 annually, be accepted and made a matter of record;

The execution of a lease between the McDowell Cancer Network and American Development Co., Inc., 58 Public Square, Somerset, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $2,220 annually, be accepted and made matter of record;

The execution of a lease between McDowell Cancer Network and Geraldine Adams, P. O. Box 306, Hyden, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $4,200 annually, be accepted and made a matter of record;

The execution of a lease between the McDowell Cancer Network and Paul Blair Rentals, 120 Normal Avenue, Suite 101, Morehead, Kentucky, effective July 1, 1986 through June 30, 1987, for the use of office space, rental rate of $3,240 annually, be accepted and made a matter of record;

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

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

FCR 1

Members, Board of Trustees:

Agreement with Spindletop Hall, Inc.

Recommendation: that the Board continue to reserve and dedicate the area of Spindletop Farm indicated on the attached plat for the use of Spindletop Hall, Inc., for that period continuing through August 31, 1987; and further, that such an Extension of Agreement between the University, UKRF, and Spindletop Hall be and is hereby approved.

Background: The present dedication has expired. The original agreement contains the specific obligations of the University, UKRF and Spindletop Hall with respect to the use of the buildings and grounds.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

#0145,p-49

EXTENSION OF AGREEMENT

This Extension of Agreement made and entered into on this the 2nd day of June, 1936, by and between the University of Kentucky (hereinafter referred to as "University"), the University of Kentucky Research Foundation (hereinafter referred to as "the Foundation"), and Spindletop Hall (hereinafter referred to as "Spindletop"),

W I T N E S S E T H:

FOR AND IN CONSIDERATION of ONE ($1.00) DOLLAR and other good and valuable consideration, the receipt of all of which is hereby acknowledged, that certain agreement, dated May 4, 1976 (to be effective September 1, 1976) between the University, the Foundation and Spindletop (concerning the property referred to in a prior agreement between the University, the Foundation and Spindletop, dated January 23, 1968, reserving an area of Spindletop Farm for the use of Spindletop) is hereby extended for a period of one year from September 1, 1986, through August 31, 1987.

Provided, however, this Extension of Agreement is expressly conditioned upon ratification by the Board of Trustees of the University of Kentucky.

UNIVERSITY OF KENTUCKY

By: Jack C. Blanton

Jack C. Blanton
Vice Chancellor for Administration
Lexington Campus

Witness:

R. Bruce Lockford

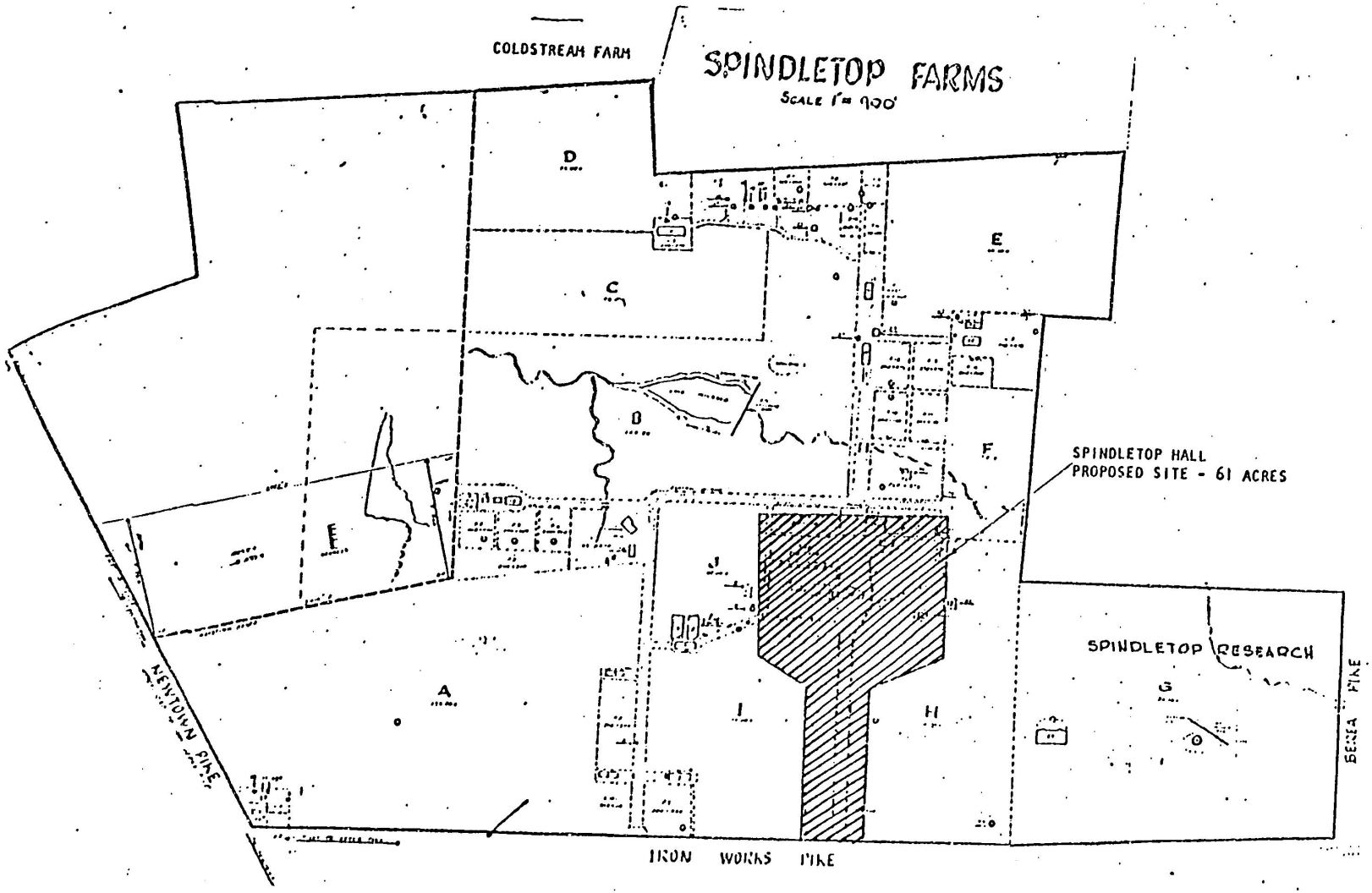
UNIVERSITY OF KENTUCKY
RESEARCH FOUNDATION

Witness: By:

SPINDLETOP HALL

Witness: By:

RU03
d00007


COLDSTREAM FARM
SPINDLETOP FARMS
SCALE 1" = 400'
D
C
E
B
F
SPINDLETOP HALL
PROPOSED SITE - 61 ACRES
A
L
H
SPINDLETOP RESEARCH
G
NEWTOWN PIKE
BEREA PIKE
IRON WORKS PIKE

Office of the President
June 25, 1986

FCR 8

Members, Board of Trustees:

USE OF SORORITY RESERVE

Recommendation: that the Vice Chancellor for Administration, Lexington Campus, be authorized and directed by the Board of Trustees to request the Trustee of University of Kentucky Student Housing Bonds of 1964 to make available the sum of $14,000.00 for the purpose of renovating bathrooms in the Delta Gamma Sorority House located at 450 Pennsylvania Avenue.

Background: This bond issue provides for the establishment of a "Maintenance Reserve Account" which may be drawn and used by the Board for the purpose of repairs. As of March 31, 1986, this account had a balance of $70,412.37.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

#0145,p35

Office of the President
June 25, 1986

FCR 9

Members, Board of Trustees:

ESTABLISHMENT OF QUASI-ENDOWMENT FOR THE
THOMAS D. CLARK FUND FOR HISTORY AND THE HUMANITIES

Recommendation: that the Board of Trustees authorize the creation of a quasi-endowment fund to be entitled the "Thomas D. Clark Fund for History and the Humanities".

Background: By this action the Board of Trustees will establish the fund and permit the allocation of funds necessary to implement this authorization. Funds for this endowment will come from unrestricted gifts, grants, interest earnings on private funds and any special appropriations for such purpose. The Thomas D. Clark Fund will consist initially of $25,000. The earnings from this endowment will be used to provide scholarships to undergraduate students in the University's teacher education humanities program; fellowships to students in history and visiting lectureships to a scholar-in-residence at the Gaines Center for the Humanities. In addition, funds raised from private sources specifically for this purpose will be permanently endowed and will be used to support the same programs.

Action taken: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

FCR 10

Members, Board of Trustees:

ESTABLISHMENT OF QUASI-ENDOWMENT FOR THE THOMAS P. BELL SCHOLARSHIP FUND

Recommendation: that the Board of Trustees authorize the creation of a quasi-endowment fund to be entitled the "Thomas P. Bell Scholarship Fund".

Background: By this action the Board of Trustees will establish the fund and permit the allocation of funds necessary to implement this authorization. Funds for this endowment will come from unrestricted gifts, grants, interest earnings on private funds and any special appropriations for such purpose. The Thomas P. Bell Scholarship Fund will consist initially of $10,000. The earnings from this endowment will be used to provide scholarships to students enrolled in the University's College of Law. In addition, funds raised from private sources specifically for this purpose will be permanently endowed and will be used for the same purpose.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

FCR 11

Members, Board of Trustees:

RESOLUTION TO FINANCE EQUIPMENT

Recommendation: that the Board of Trustees approve a Resolution requesting approval of the State Property and Buildings Commission to finance equipment acquisition projects authorized by the 1986 General Assembly through the issuance of State Property and Buildings Commission bonds.

Background: Bond sales by the University of Kentucky have traditionally been for the construction of physical facilities. The State Property and Buildings Commission has experience with bond sales for equipment. Utilizing their expertise in this area will greatly facilitate the issuance of bonds for the University of Kentucky equipment approved by the 1986 General Assembly. In addition, the lease of the equipment from the State Property and Buildings Commission rather than the sale of Consolidated Educational Bonds by the institution will protect bonding capacity for the institution to use in the future to construct facilities.

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

1571

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY REQUESTING APPROVAL OF THE STATE PROPERTY AND BUILDINGS COMMISSION TO FINANCE EQUIPMENT ACQUISITION PROJECTS AUTHORIZED BY THE 1986 GENERAL ASSEMBLY THROUGH THE ISSUANCE OF STATE PROPERTY AND BUILDINGS COMMISSION BONDS

WHEREAS, the General Assembly of the Commonwealth of Kentucky in Regular Session 1986 by the enactment of House Bill 398 authorized various equipment acquisition projects for the University of Kentucky to be financed by the issuance of Consolidated Educational Building Revenue Bonds totalling $30,836,300; and

WHEREAS, the equipment acquisition projects so authorized by the General Assembly are attached to this Resolution as Exhibit A; and

WHEREAS, subject to the provisions of KRS 45.750 to KRS 45.800 and KRS 56.870 to KRS 56.874 the State Property and Buildings Commission may issue bonds, upon the request of the University of Kentucky Board of Trustees, for the projects to be financed by bonds; and

WHEREAS, the equipment acquisition projects authorized by the General Assembly for the University of Kentucky are now ready for acquisition; and

WHEREAS, the bond market is now favorable for the issuance of bonds to finance the equipment acquisition projects authorized by the General Assembly; now therefore

BE IT RESOLVED, that the University of Kentucky does hereby:

1. Request the State Property and Buildings Commission to issue bonds for the projects listed in Exhibit A of this Resolution.

2. Request the Finance and Administration Cabinet to proceed on behalf of the University of Kentucky with the plans, specifications and financial arrangements for issuance of State Property and Buildings Commission Bonds for the projects listed in Exhibit A attached hereto.

Adopted this 25 day of June, 1986

Robert T. McCowan, Chairman

1566

EXHIBIT A

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY REQUESTING APPROVAL OF THE STATE PROPERTY AND BUILDINGS COMMISSION TO FINANCE EQUIPMENT ACQUISITION PROJECTS AUTHORIZED BY THE 1986 GENERAL ASSEMBLY THROUGH THE ISSUANCE OF STATE PROPERTY AND BUILDINGS COMMISSION BONDS

SUMMARY OF EQUIPMENT ACQUISITION PROJECTS AUTHORIZED BY THE 1986 GENERAL ASSEMBLY AND LISTED IN THE 1986 GENERAL ASSEMBLY, STATUTORY FINAL ENACTED BUDGET MEMORANDUM, FB 1986-88 COMMONWEALTH BUDGET-

0	PAGE HE-34--VECTOR PROCESSING SYSTEM---------	
	BOND FUND	$5,000,000
	AGENCY FUND	5,000,000
0	PAGE HE-37 TO HE-42--ACADEMIC EQUIPMENT ITEMS---	
	BOND FUND	$20,370,000
	AGENCY FUND	625,000
	FEDERAL FUNDS	1,154,000
0	PAGE HE-43--VOICE/DATA COMMUNICATIONS SYSTEM---	
	BOND FUND	$5,466,000
TOTAL BOND FUND APPROVED		$30,836,300

1986 GENERAL ASSEMBLY
STATUTORY FINAL ENACTED BUDGET MEMORANDUM
FB 1986-88 COMMONWEALTH BUDGET
PART I

1986 GENERAL ASSEMBLY
FB 1986-88 CAPITAL BUDGET MEMORANDUM

Date: April 14, 1986

BRANCH Executive
FUNCTION/CABINET Higher Education Code:

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UNIVERSITY OF KENTUCKY MAIN CAMPUS									
Robotics Facility - Facility with State of the Art Equipment									
Bond Fund				$10,000,000	$10,000,000				
Patterson Tower Fire Safety Sprinkler System									
Agency Fund				725,000	725,000				
Bond Fund				1,050,000	1,050,000				
Total				$1,775,000	$1,775,000				
Agricultural Engineering Bldg.									
Bond Fund					11,000,000	11,000,000			
Regulatory Services Bldg.									
Bond Fund					3,500,000	3,500,000			
Vector Processing System									
Bond Fund					5,000,000	5,000,000			
Agency Fund					5,000,000	5,000,000			
Total					10,000,000	10,000,000			
Clinic Wing Fire Safety Reworking of Mechanical Systems to correct code violations									
Agency Fund				500,000	500,000				
Alumni Gym Life Safety Removal of asbestos, reinsulation, new ceiling & other work									
Agency Fund				255,000	255,000				
Patterson Hall Plumbing Replacement of plumbing to correct low water pressure & reduce heating capability									
Agency Fund		350,000	350,000	350,000		(350,000)			

Missing page(s)

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
Hospital Expansion Phase II: This project would provide for Phase II of the renovation of the existing University Hospital and new construction to bring the facility in line with program requirements by 1990. The source of funds is bonds and Agency funds which will be supported by hospital revenues. The cost estimate on this previously authorized project is now $50,000,000. Previously authorized.									
Summary									
Bond Fund				$11,050,000	$30,550,000	19,500,000			
Agency Fund	350,000	350,000		4,992,000	9,642,000	4,650,000	4,910,000	4,910,000	
	$350,000	$350,000		$16,042,000	$40,192,000	$24,150,000	$4,910,000	$4,910,000	
Funding for the following equipment purchases will be from Bond funds, except as noted.									
Metal: Surface Area - Pore Volume Analyzer				$ 80,000	$ 80,000				
IT: Triple Monochrometer Spectrometer				140,000	140,000				
Metal: Electron Beam Furnace				80,000	80,000				
AFS: Controlled Environment Rooms				102,000	102,000				
Math: Superminicomputer									
Federal Fund				150,000	150,000				
Agency Fund				150,000	150,000				
Bond Fund				295,000	295,000				
Total				595,000	595,000				
Math: Lisp System I, II				104,000	104,000				
Phys: Upgrade of HP A900				70,000	70,000				
Phys: Computer (Ridge Compatible)				50,000	50,000				
AFS: Plasma Emission Spectrograph				75,000	75,000				
AFS: Transmission Electron Microscope				114,000	114,000				
AFS: X-ray System				50,000	50,000				
Metal: Melt Spinning Apparatus				85,000	85,000				
IT: Array Processor & Minicomputer				80,000	80,000				
IT: Microwave Plasma Semiconductor				135,000	135,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
Metal: Photoelectron Spectrometer									
Agency Fund				150,000	150,000				
Federal Fund				150,000	150,000				
Bond Fund				300,000	300,000				
Total				600,000	600,000				
II: Minicomputer				50,000	50,000				
II: Spectrometer				60,000	60,000				
Geol: Microprobe Electron Microscope									
Federal Fund				179,000	179,000				
Bond Fund				250,000	250,000				
Total				429,000	429,000				
Metal: 200 KEV Scanning Trans EM									
Federal Fund				350,000	350,000				
Bond Fund				350,000	350,000				
Total				700,000	700,000				
Path: Zeiss IBAS Image Analysis Processor				100,000	100,000				
OB/GYN Array Analysis, Processing				50,000	50,000				
PHR: Minicomputer & Associated Software, DB, etc.				165,000	165,000				
PHR: 200 MHZ NMR Spectrometer				126,000	126,000				
Prev.M: Cryolect				135,000	135,000				
BCH: ABI Olegonucleotide Synthesizer				50,000	50,000				
BCH: ABI Peptide Snythesizer				80,000	80,000				
ANA: Video Image Analyzer				75,000	75,000				
MMI: FACS 420 w/2nd Laser Upgrade				50,000	50,000				
MC: Beckman Metolobic Cart				50,000	50,000				
MI: BD Analyzer for Molecular Biology				110,000	110,000				
Card: Color Flow Doppler Unit				150,000	150,000				
Med: Dual Photon Absorption Unit				65,000	65,000				
MI: Imaging System				50,000	50,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
PHR: Super High Performance Liquid Chromatographic System				55,000	55,000				
OB/GYN: Real Time Flow Cytometry Processor				75,000	75,000				
PHR: 300 MHZ NMR Spectrometer				400,000	400,000				
ANA: Electron Microscope				195,000	195,000				
BCH: Gas-Phase Protein Sequencer				100,000	100,000				
MC: Animal Surgery Fluoroscopic Unit				300,000	300,000				
PHR: Fluoroscopic X-Ray Instrument				90,000	90,000				
PHR: Bioreactor of Mammalian Cell Culturing with Instrumentation				115,000	115,000				
PHR: Analytical Preparative HPTLC System				50,000	50,000				
Med: Pilot Size Freeze Dryer				90,000	90,000				
Med: Gamma 500 Laser Microprobe Mass Analyzer				300,000	300,000				
ALN: Infrared Imaging System				80,000	80,000				
MA: LISP PROLOG Machine				100,000	100,000				
BIO: Walk-in Environmental Control Rooms (2)				80,000	80,000				
GLY: Updating X-Ray Diffraction Equipment				125,000	125,000				
BIO: Atomic Absorption Spectro-photometer & Chloridometer				100,000	100,000				
CHE: 400 MHz NMR				500,000	500,000				
CHE: Intensified Diode Array				57,000	57,000				
WGRI: Biomedical Image & Signal Processing System				160,000	160,000				
GYI: Seismic Array				78,000	78,000				
ENGR: AI&T/Harris Upgrade				350,000	350,000				
Academic Equipment (pool of items costing less than $50,000)				5,950,000	5,950,000				
EE: Scanning EM				350,000	350,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
CC: Transmission EM				400,000	400,000				
MMI: Sterilization & Cleaning System				65,000	65,000				
SBRC: Fluorescence Activated Cell Sorter Analyzer				70,000	70,000				
BCH: Microprocessor Based Spectrapolarimeter				60,000	60,000				
DBS: Autoclave				50,000	50,000				
OPH: YAG Laser				50,000	50,000				
MMI: 2-D Gel Scanner/Computer Analysis				50,000	50,000				
RSD: Universal Testing Machine				92,000	92,000				
CNU: Amino Acid Analyzer (Beckman)				50,000	50,000				
SBRC: Philips Electron Microscope				250,000	250,000				
Metal: Analytical Balance				70,000	70,000				
EE: Programmable Frequency Synthesizer				65,000	65,000				
EE: Microwave Programmable Receiver				77,000	77,000				
BIO: Varian HPLC/Amino Acid Analyzer				70,000	70,000				
CHE: Field Ionization/Field Desorption Ion Source				60,000	60,000				
PHYS: Klystron Bunched Terminal				260,000	260,000				
AIN: Laser Doppler Fluid Turbulence System				140,000	140,000				
Med: BD Facts 4 - Fluoroscopic Activated Cell Sorter				130,000	130,000				
ASI: Energy Dispersive X-Ray Fluorescense Analyzer				60,000	60,000				
CDI: Oligo (DNA) Synthesizer				50,000	50,000				
TM: Thermovision System (Infrared Temperature Measure)				57,000	57,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
BIO: Sterilization & Cleaning System				75,000	75,000				
BIO: Respiratory Mass Spectrometer				50,000	50,000				
BIO: Update CAD4 X-Ray Diffractometer to DEC 11/237				50,000	50,000				
VS: AGA Thermovision Basic Medical Package & Digital Image System				61,000	61,000				
WGRI: Cardiovascular Data Acquisition System				52,000	52,000				
ASC: Bechman Edman Sequencer				86,000	86,000				
LNI: Protein Sequencer				100,000	100,000				
MACS: Intelligent Terminals Workstation				70,000	70,000				
HPR: High Speed Video System				55,000	55,000				
SBRC: Leitz Fluorescence Microscope with Vario-Orthomate Camera				50,000	50,000				
PHYS: Polarized Ion Source				300,000	300,000				
BCH: Applied Biosystems Bas Phase Sequencer				120,000	120,000				
CHE: Argon Laser				85,000	85,000				
PM: Microwave Plasma Emission Detector				80,000	80,000				
CHE: VUV Photoelectron Spectrometer				80,000	80,000				
OBG: Liquid Chromatograph				100,000	100,000				
BIO: Flow Sytometer/Cell Sorter				325,000	325,000				
MMI: Upgrade of Cell Analysis & Sorting Facilities				100,000	100,000				
ENT: Amino Acid Analyzer				75,000	75,000				
PM: Mass Spectrometer				120,000	120,000				
HORLA: Irrigation System				75,000	75,000				
OBG: Flow Cytometer				250,000	250,000				
FOR: 930 Wheel Loader				74,000	74,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
Med: Laser Catheter				130,000	130,000				
CHE: Mass Spectrometer									
Federal Fund				325,000	325,000				
Bond Fund				325,000	325,000				
Total				650,000	650,000				
HCH: X-Ray Chrystalography Equipment				500,000	500,000				
VS: Transmission Scanning Electron Microscope									
Agency Fund				325,000	325,000				
Bond Fund				400,000	400,000				
Total				725,000	725,000				
Med: Angiographic/Computer Equipment				250,000	250,000				
MGSC: Vax 11/750 and Related Equipment				500,000	500,000				
PHY: Stainless Steel Accelerator Tube				75,000	75,000				
Med: Pulse Simulator				50,000	50,000				
ENT: Gas Chromatogram Mass Spectrometry System				50,000	50,000				
CNU: AA Spectrophotometer				55,000	55,000				
Bond Fund				20,370,000	20,370,000				
Agency Fund				625,000	625,000				
Federal Funds				1,154,000	1,154,000				
Total				$22,149,000	$22,149,000				
Funding for the following equipment purchases will be from Agency Funds, except as noted.									
Lib: Auto Circulation System				104,000	104,000				
PPD: Energy Management System				413,000	413,000		416,000	416,000	
MCPPD: Energy Management System II				100,000	100,000		100,000	100,000	
Dent: Patient Billing Minicomputer				320,000	320,000				
Med CS: Wang VS 300				196,000	196,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
CC: Data Communications Equipment				70,000	70,000				
CC: Data Communications Network				350,000	350,000				
CC: Mainframe Computer				925,000	925,000				
CC: Disk Storage 3081K				350,000	350,000				
Cancer: Minicomputer & Software				262,000	262,000				
Med CS: System Methodology and Security System				50,000	50,000				
Cancer: MRI Unit VAX XI Computer				510,000	510,000				
Cancer: MRI Helium Recovery System				90,000	90,000				
CC: Computer Disk Storage				120,000	120,000				
Bus Svcs: Voice/Data Communications System-Bond, Note, or deferred payment without interest				5,466,000	5,466,000				
CES: Closed Caption TV Delivery System				150,000	150,000				
CES: Minicomputer				100,000	100,000				
Arch: Computer for Graphics Processing				85,000	85,000				
ANA: Morgue Equipment				150,000	150,000				
Med: Perinatal Laboratory Equipment/OB-GYN									
Federal Fund				75,000	75,000				
Agency Fund				75,000	75,000				
Total				150,000	150,000				
Prev M: Equipped Medical Van									
Federal Funds				163,000	163,000				
Purch: Minicomputer				59,000	59,000				
Bus Svcs: Computer Upgrade				210,000	210,000				
B&E: Minicomputer System				103,000	103,000				
CC: Optical Reader				110,000	110,000				
Print/Dupl: Computer System				58,000	58,000				

Capital Budget Item/ Fund Type	FY 1985-86 Branch Budget	FY 1985-86 General Assembly	FY 1985-86 Difference	FY 1986-87 Branch Budget	FY 1986-87 General Assembly	FY 1986-87 Difference	FY 1987-88 Branch Budget	FY 1987-88 General Assembly	FY 1987-88 Difference
UK MAIN CAMPUS (Continued)									
PPD: Tandem Bucket Trucks/Boom				80,000	80,000				
PPD: Garbage/Compactor Truck				100,000	100,000				
PPD: Backhoe Loader				75,000	75,000				
Print: Offset Printing Press				180,000	180,000				
UExt: Computer System				106,000	106,000				
OSPA: Computer Upgrade				70,000	70,000				
WBKY: Transmitter w/Antenna and Lines				130,000	130,000				
MC: Multi-Channel Atomic Absorption				85,000	85,000				
PHR: Power X-Ray Diffractometer System				58,600	58,600				
BCH: 500MHz Nuclear Magnetic Resonance Spectrometer - Varian				550,000	550,000				
CC: Computer Disk Storage							150,000	150,000	
CC: Laser Printer							500,000	500,000	
CC: Data Communications Equipment							70,000	70,000	
CC: Data Communications Network							250,000	250,000	
Metal: Surface Analysis System							150,000	150,000	
Barnay Chair							77,000	77,000	
Grad: Minicomputer Upgrade							50,000	50,000	
MC: Video Attachment for Biplane Fluoroscope							100,000	100,000	
FA: Lighting Board & Dimmer System							100,000	100,000	
OIR: Video Record/Edit Package (Previously Authorized: Total Cost $187,000)									
CC: Array Processor for Mainframe							600,000	600,000	
Agency Fund				$6,394,600	$6,394,600		$2,563,000	$2,563,000	
Federal Fund				238,000	238,000				
Bond, Note or Deferred Payment without interest				5,466,300	5,466,300				
Total				$12,098,900	$12,098,900		$2,563,000	$2,563,000	

Office of the President
June 25, 1986

FCR 12

Members, Board of Trustees:

PROPOSED AMENDMENTS IN THE UNIVERSITY OF KENTUCKY RETIREMENT PLAN

Recommendation: that the following proposed amendments in the University of Kentucky Retirement Plan (AR II-1.6-1) be approved:

[NOTE: Additions are underlined; deletions are bracketed.]

Amendment #1 - that the following paragraph be added as a new next-to-last paragraph in Section I.A.3:

In addition to contributions based on basic annual salary, contributions also shall be applied on compensation paid to faculty members for service during an interim between regular assignment periods, provided the faculty members are employed full-time by the University for at least one full month of continuous service in the interim, on a basis other than a fee schedule, without reduction in rate of earned salary per month as described in AR II-1.3-2. An interim between regular assignment periods for a faculty member on a regular nine-month, ten-month, or eleven-month assignment basis is defined in AR II-1.1-7.

Background: This amendment is desirable in order for the University to better encourage faculty interest in pursuing research and public service activities during the entire year. Applying retirement contributions on compensation earned for full-time employment during an interim between regular assignment periods is considered to be an appropriate inducement to encourage such activities. This amendment ratifies contributions made in 1985-1986 and provides authorization for contributions on all eligible interim compensation effective May 16, 1986.

Amendment #2 - that the following be added as a new Section II.A, and that present Sections II.A and II.B be redesignated as Sections II.B and II.C, respectively:

II. Retirement Dates

A. Early Retirement

The University hereby establishes two types of early retirement. One type of early retirement (Section II.A.1) provides a qualified employee, who may be as young as 55, with an entitlement to early retirement without further contributions from the University toward the individual's retirement benefits, but with a modified University contribution toward the individual's health insurance coverage. The second type of early retirement (Section II.A.2) permits a qualified employee who will be at least 62 but less than 65 years of age in 1987-1988 or a subsequent fiscal year to apply by October 1 of the preceding year to be considered for early retirement with incentives of one or more additional University contributions toward the individual's retirement benefits and also the normal University contribution toward the individual's health insurance coverage to age 65 and a modified University contribution toward health insurance coverage thereafter.

1. Early Retirement Without Further University Contributions Toward Retirement Benefits, But With a Modified University Contribution Toward Health Insurance Coverage

Any employee aged at least 55 but less than 65, with a minimum of 15 years of regular service (whether or not continuous, including regular part-time service on a pro rata basis) and with a combination of age plus years of regular service equal to at least 75, upon request and prior administrative approval at least four months in advance, shall be permitted to retire from the University, after which the University shall make no further retirement contributions to the individual's TIAA/CREF annuity contracts. The early retiree, however, shall be eligible to participate in one of the health plans approved by the University and to receive a modified University contribution toward health insurance coverage which shall be equal to that provided for an individual retiring from the University at or above age 65.

Eligibility for early retirement under this section also shall apply, with administrative approval but without advance notice, to current employees who are in an inactive status as approved by the Board of Trustees.

a. Employee Approved for Early Retirement But Not Qualified for Supplemental Retirement Income

An employee who is approved for early retirement under Section II.A.1, and who is qualified for benefits under the TIAA/CREF retirement plan but not qualified for University supplemental retirement income, shall be permitted to retire

with entitlement to all other University benefits and privileges available to those who retire at a normal or mandatory retirement date.

b. Employee Approved for Early Retirement and Qualified for Supplemental Retirement Income

An employee who is approved for early retirement under Section II.A.1, and who is qualified for benefits under the TIAA/CREF retirement plan and also for University supplemental retirement income starting at age 65, shall be permitted to retire with entitlement to all other University benefits and privileges available to those who retire at a normal or mandatory retirement date. The individual's supplemental retirement income, however, shall be subject to the following conditions:

(1) Payment of supplemental retirement income shall not begin until the month in which the early retiree attains age 65;

(2) Service credit for supplemental retirement income shall not accrue after the person retires;

(3) The salary used to determine supplemental retirement income shall be the basic annual salary for the last year of active employment;

(4) An early retiree who elects to proceed under this option shall not receive supplemental retirement benefits which exceed 20% of the basic annual salary received during the last year of active employment plus 1% of such salary for each year of active service to the University;

(5) The computation of supplemental retirement income will be based upon the assumptions in Section III.B.5, except that the value of the single life annuity option is to be computed on the basis of the employee's age at the time early retirement commences; and

(6) Supplemental retirement benefits are not payable to survivors in the event the retiree dies prior to the attainment of age 65.

2. Early Retirement With Further University Contributions Toward Retirement Benefits and Health Insurance Coverage

Any employee who, within a particular fiscal year beginning with 1987-1988, will be at least 62 but less than 65 years of age and has a minimum of 20 years of regular service at the University of Kentucky (whether or not continuous, including regular part-time

service on a pro rata basis), shall be permitted to apply by October 1 of the preceding fiscal year and be considered for early retirement starting on July 1 or other requested date in the applicable fiscal year. Eligibility to apply and be considered for early retirement under this section also extends to current employees who are in an inactive status as approved by the Board of Trustees. The dean or director of the college shall transmit the application for an employee applying for early retirement to the appropriate chancellor or, for an employee in the Central Administration, the Vice President for Administration. In the consideration of an application for early retirement from an employee in the Central Administration, the Vice President for Administration shall perform the same duties as those of a chancellor.

Chancellors shall base their decisions to grant early retirement on program considerations and the ability to fund the early retirement program. The standard criteria for qualifying for early retirement with further contributions by the University toward retirement benefits and health insurance coverage are as follows: (a) attainment of age 62 prior to the early retirement date and (b) regular employment at the University of Kentucky for twenty years or more. In the event that there are more applicants than the sector can permit in any year, selection of applicants shall be based on the sum of age and years of service with the higher number given priority. For example, 64 (age) + 20 (years of service) = 84 and 62 (age) + 35 (years of service) = 97, resulting in giving higher priority to the request of the applicant aged 62. In instances of major program changes or terminations or closures of University units, or other instances of extraordinary circumstances, the chancellor, with the approval of the President, may establish additional criteria for early retirement.

After confirming the age and service data for all applicants through the Office of Employee Benefits and Risk Management, the chancellor shall identify those persons who have applied for early retirement and meet the age, service, and any applicable additional criteria and shall recommend to the President the number of early retirements consistent with sector interest. The President shall transmit the names of the approved applicants to the Board of Trustees in the usual manner.

For an employee thus approved for early retirement, the University shall continue payment of the equivalent of TIAA/CREF contributions (8% or 10% depending upon the individual's retirement group) to age 65. The employee shall be offered the choice of a lump sum payable either to the individual or to the individual's existing TIAA/CREF contracts, or annual payments to age 65 either to the individual or to the individual's existing

TIAA/CREF contracts. If the scheduled payments are elected, a contract promising delivery at future dates certain shall be executed, thereby giving the individual's estate the right to payments.

Additionally, the individual approved for early retirement under this section shall be eligible to participate in one of the health plans approved by the University, and the University shall make a normal contribution to the individual's health insurance coverage to age 65 and a modified contribution toward the individual's health insurance coverage coordinated with Medicare beginning at age 65.

Employees not granted early retirement in a particular year shall be eligible to reapply in the next year assuming continued eligibility. To be considered for selection, employees must submit a new application each year.

a. Employee Approved for Early Retirement But Not Qualified for Supplemental Retirement Income

An employee who is approved for early retirement under Section II.A.2, and who is qualified for benefits under the TIAA/CREF retirement plan but not qualified for University supplemental retirement income, shall be permitted to retire with entitlement to all other University benefits and privileges available to those who retire at a normal or mandatory retirement date.

b. Employee Approved for Early Retirement and Qualified for Supplemental Retirement Income

An employee who is approved for early retirement under Section II.A.2, and who is qualified for benefits under the TIAA/CREF retirement plan and also for University supplemental retirement income starting at age 65, shall be permitted to retire with entitlement to all other University benefits and privileges available to those who retire at a normal or mandatory retirement date. The individual's supplemental retirement income, however, shall be subject to the following conditions:

(1) Payment of supplemental retirement income shall not begin until the month in which the early retiree attains age 65;

(2) Service credit for supplemental retirement income shall not accrue after the person retires;

(3) The salary used to determine supplemental retirement income shall be the basic annual salary for the last year of active employment;

(4) An early retiree who elects to proceed under this option shall not receive supplemental retirement benefits which exceed 20% of the basic annual salary received during the last year of active employment plus 1% of such salary for each year of active service at the University;

(5) The computation of supplemental retirement income will be based upon the assumptions in Section III.B.5, except that the value of the single life annuity option is to be computed on the basis of the employee's age at the time early retirement commences; and

(6) Supplemental retirement benefits are not payable to survivors in the event the retiree dies prior to the attainment of age 65.

Background: An Ad Hoc Committee on Faculty Alternatives was jointly appointed in January 1984 by the Chairman of the University Senate Council and the President of the University. The University Senate at its meeting in April 1985 approved the Committee's report, a portion of which deals with early retirement options. At a subsequent meeting with the University Senate Council concerning the Committee's report, President Singletary agreed to appoint an administrative staff committee to determine how University regulations must be amended and to develop more detailed versions of the early retirement options. Such a committee was appointed in September 1985 and given the charge to review the early retirement options included in the report of the Ad Hoc Committee on Faculty Alternatives and to make recommendations for an early retirement plan or plans for both faculty and non-faculty employees. This administrative staff committee presented its report to President Singletary in March 1986. The resulting recommendations on early retirement options have been reviewed and supported by the faculty members on the Ad Hoc Committee on Faculty Alternatives, the University Senate Council, and the Chancellors. The early retirement options recommended for approval in this amendment can be implemented through existing resources and are generally viewed as a very positive start of an early retirement program.

Amendment #3 - Redesignate Section II.C as Section II.D and add to it a new Section II.D.3:

II. Retirement Dates

[C.] D. Disability Retirement

3. In Conjunction with Long Term Disability Plan

An employee entitled to disability benefits after age 65 under the Long Term Disability Program, who qualifies for retirement and supplemental retirement income pursuant to

this plan, will be eligible to retire and activate supplemental retirement income under the following conditions:

a. The amount of annual supplemental retirement income to be provided shall be determined according to the formula provided in Section III.B.1;

b. University-sponsored disability plan benefits are to be deducted from supplemental retirement income; and

c. Supplemental retirement income will be adjusted at the time disability benefits cease according to the formula provided in Section III.B.1.

Background: Some employees drawing disability benefits after age 65, with rights under the old plan, may in fact have a greater entitlement as a retiree. This is because Social Security is a deduction under the Long Term Disability Plan but not under the old plan. This change would simply allow the individual to be paid only the amount of the difference (unfunded benefit minus University of Kentucky and trust payments) after formal retirement occurs.

Amendment #4 - Redesignate Section II.D as Section II.E, and change it to read as follows:

[D.] E. Termination of Active Status

An employee who would otherwise qualify for supplemental retirement income pursuant to this plan, except that [he/she] the employee has not attained age 65, may terminate [his/her] active employee status on or after attainment age 60 without forfeiture of such accrued benefits, subject to the following conditions:

a. Payment of benefits shall not begin until the month in which the employee attains age 65.

b. Service credit shall not accrue during periods in which the employee is in [a non-active] an inactive status.

c. The salary used to determine supplemental retirement income shall be the basic annual salary for the last year of active employment.

d. An employee who elects to proceed under this option shall not receive annual supplemental retirement benefits which exceed 20% of the basic annual salary received during the last year of active employment plus 1% of such salary for each year of active service to the University.

e. The computation of supplemental retirement income will be based on the assumptions in Section III.B.5, except that the value of the single life annuity option is to be computed on the basis of the employee's age at the time inactive status commences.

f. Supplemental retirement benefits are not payable to survivors in the event the employee dies prior to the attainment of age 65.

g. An employee who terminates active status under this option may accept temporary employment under the STEPS program or on the basis of a fee schedule approved by the appropriate chancellor or the Vice President for Administration.

Background: The current provisions of inactive status apply only to employees with rights under the old plan. There also has been some confusion over the timing of the computation of supplemental retirement income for those employees with rights under the old plan. The addition under Section II.E.e clarifies this latter point.

Further, the current provisions of inactive status do not address the issue of an inactive employee's being employed in a temporary status under the STEPS program or on a fee schedule basis. The addition of Section II.E.g makes it clear that an inactive employee may be employed through STEPS or on a fee schedule basis.

Amendment #5 - Change Section VIII to read as follows:

VIII. Leave of Absence With Pay

During the participant's leave of absence with pay (whether full or partial salary), the University will continue contributions toward a TIAA/CREF retirement annuity contract and/or certificate as provided for in Section I, at the same percentage rate on the basic salary as was in effect during the participant's last monthly pay period prior to the leave of absence, if the participant elects to contribute in a like manner.

Background: Employees on sabbatical leave have had the option to continue retirement contributions based on the full basic salary. The wording of the 1977 changes obscured the intention of this provision. Inserting the words, "on the basic salary," clarifies this section.

1468A

Action taken: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

Office of the President
June 25, 1986

FCR 13

Members, Board of Trustees:

A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of $31,525,000 (which amount may be changed) University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986.

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

The Notice of Sale of Bonds, prepared by Bond Counsel, leaves blank at this time the date for receipt of bids, such bids to be opened by the Treasurer, and to be considered by the Finance Committee of the Board, and a recommendation to be submitted by the Finance Committee to the full Board or the Executive Committee of the Board at a meeting to be determined.

Background: The University issued its Consolidated Educational Buildings Revenue Bonds, in the following respective Series, dates, and amounts: (a) Series G Bonds, dated April 1, 1983, in the amount of $17,100,000, of which there are presently outstanding $15,945,000 of Bonds, bearing interest at rates ranging from 7.25% per annum to 9.30% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2003; (b) Series H Bonds, dated March 1, 1983, in the amount of $8,500,000, of which there are presently outstanding $8,285,000 of Bonds, bearing interest at rates ranging from 6.75% per annum to 8.70% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2003; and (c) Series I Bonds, dated October 1, 1985, in the amount of $16,100,000, of which all $16,100,000 of Bonds are presently outstanding, bearing interest at rates ranging from 7.25% per annum to 9.25% per annum, scheduled to mature May 1 in each of the respective years, 1987 through 2006; and it is believed that such Bonds may be advantageously advance refunded, either through the advance refunding and

redemption on May 1, 1993, of the Series G Bonds scheduled to mature on May 1, 1995 and thereafter, and of the Series H Bonds scheduled to mature on May 1, 1996 and thereafter, and redemption on May 1, 1996 of the Series I Bonds scheduled to mature on May 1, 1998 and thereafter, and/or through the advance refunding and defeasance of part or all of the remaining Series G, H, and I Bonds, scheduled to mature prior to the respective proposed redemption dates of such Series G, H, and I Bonds. The refunding will be accomplished only if the interest rates bid at the time of the sale will achieve a substantial interest cost savings to the Board and to the University.

Action: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

RESOLUTION AUTHORIZING THE ISSUANCE

OF

UNIVERSITY OF KENTUCKY

CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES),
AND SERIES I (SECOND SERIES)

DATED AUGUST 1, 1986

INDEX TO RESOLUTION AUTHORIZING THE ISSUANCE OF
UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL
BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES)
SERIES H (SECOND SERIES) AND SERIES I (SECOND SERIES)
DATED AUGUST 1, 1986

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A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986.

WHEREAS, the Board of Trustees of the University of Kentucky (the "Board"), 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 on September 20, 1960 (the "Basic Resolution" or the "Resolution"), has created and established an issue of Consolidated Educational Buildings Revenue Bonds (the "Bonds") of the Board of Trustees of the University of Kentucky; and

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

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

WHEREAS, there are presently outstanding $15,945,000 of the Series G Bonds, dated April 1, 1983, bearing interest at rates ranging from 7.25% per annum to 9.30% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2003, and

WHEREAS, there are presently outstanding $8,285,000 of the Series H Bonds, dated March 1, 1983, bearing interest at rates ranging from 6.75% per annum to 8.70% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2003, and

WHEREAS, there are presently outstanding $16,100,000 of the Series I Bonds, dated October 1, 1985, bearing interest at rates ranging from 7.25% per annum to 9.25% per annum, scheduled to mature on May 1 in each of the respective years, 1987 through 2006, and

WHEREAS, because of favorable interest rates currently available in the marketplace, the Board has determined that (1) the $11,200,000 of Series G Bonds scheduled to mature on May 1, 1995 and thereafter, which are subject to prior redemption on or after May 1, 1993, be advance refunded and called for redemption on May 1, 1993, which is the earliest feasible date permitted by the Series G Resolution; (2) the $5,395,000 of Series H Bonds scheduled to mature on May 1, 1996 and thereafter, which are subject to prior redemption on or after May 1, 1993, be advance refunded and called for redemption on May 1, 1993, which is the earliest feasible date permitted by the Series H Resolution; and (3) the $10,565,000 of Series I Bonds scheduled to mature on May 1, 1998 and thereafter, be advance refunded and called for redemption on May 1, 1996, which is the earliest feasible date permitted by the Series I Resolution, and that the Board authorize the issuance and sale of $31,525,000 (which amount is

subject to adjustment as hereinafter provided) of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986, for the purpose of providing funds to effect such advance refunding and redemption; provided the Board also desires to reserve the right to advance refund and defease part or all of the remaining Series G, H, and I Bonds not contemplated to be redeemed in advance of maturity,

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

ARTICLE I - Authority and Definitions.

Section 1.01. Authority.

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

Section 1.02. Definitions.

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

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

"ALL BONDS" refers to all bonds outstanding against and payable from the revenues of the Project, including (a) the Series A, B, C, D, E, and F Bonds, plus (b) those portions of the Series G, H, and I Bonds other than those portions of such Series G, H, and I Bonds being defeased and scheduled to be called for redemption prior to maturity, as herein provided, (c) the Current Bonds, and (d) any and all future bonds ranking on a parity therewith.

"BASIC RESOLUTION" or "RESOLUTION" refers to the original Resolution adopted on September 20, 1960, creating and establishing the Consolidated Educational Buildings Project and creating, establishing, and authorizing the issuance of Consolidated Educational Buildings Revenue Bonds of the Board of Trustees of the University of Kentucky.

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

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

"BOND COUNSEL" refers to a nationally recognized firm of Bond Counsel, including the firm of Rubin & Hays, Municipal Bond Attorneys, Suite 300, 209 South Fifth Street, Louisville, Kentucky, which firm has prepared the legal proceedings for the issuance of the Current Bonds, has furnished all the customary services of Bond Counsel in this financing, and will continue to furnish such services until the Current Bonds are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Current Bonds and the tax exemption of the interest thereon. A separate legal opinion will be rendered by the law firm of Haynes & Miller, Washington, D. C., Special Tax Counsel, and relied upon entirely by Bond Counsel (a) that the Current Bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and (b) as to the effect of pending Federal tax legislation.

"BOND REGISTRAR", "REGISTRAR", "TRUSTEE", "TRUSTEE-REGISTRAR", "PAYEE BANK", or "TRANSFER AGENT" refers to the First Security National Bank & Trust Company, Lexington, Kentucky 40507, which shall constitute the Bond Registrar, Transfer Agent, Payee Bank, and Trustee with respect to the Current Bonds authorized herein, which Bank shall have the duties and responsibilities of (a) issuing semi-annual checks in payment of interest requirements as to the Current Bonds, (b) payment of the principal as same mature upon surrender of the Current Bonds, (c) authenticating, issuing, and delivering the Current Bonds to the Original Purchasers of same in accordance with the sale of the Current Bonds, at the direction of the Board, (d) maintaining the Bond Register, (e) handling exchanges, cancellations, reissuance, redemption, and all appurtenant duties of a Bond Registrar and Transfer Agent with respect to the Current Bonds, as hereinafter set out, and (f) serving as Depository of all funds in connection with the Current Bonds and all outstanding Series A, B, C, D, E, F, G, H, and I Bonds. Provided, however, it is understood that the Board reserves the right to designate a different FDIC instrumentality to perform any and all of such functions of Bond Registrar, Transfer Agent, and Payee Bank as to the Current Bonds and any future Bonds.

"CALLED SERIES G BONDS" refers to the Series G Bonds falling due on and after May 1, 1995, which are scheduled to be redeemed on May 1, 1993.

"CALLED SERIES H BONDS", refers to the Series H Bonds falling due on and after May 1, 1996, which are scheduled to be redeemed on May 1, 1993.

"CALLED SERIES I BONDS" refers to the Series I Bonds falling due on and after May 1, 1998, which are scheduled to be redeemed on May 1, 1998.

"CALLED PRIOR BONDS" or "CALLED SERIES G, H, AND I BONDS" refers to the Called Series G Bonds, Called Series H Bonds, and Called Series I Bonds, and such term does not include the (Noncalled) Prior Bonds scheduled to mature on and prior to the scheduled maturity dates of the Called Prior Bonds.

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

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

"CURRENT BONDS" refers to the $31,525,000 (which amount is subject to adjustment) of Bonds authorized herein, bearing the designation "University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986".

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

"ESCROW AGENT" or "ESCROW BANK" refers to the First Security National Bank & Trust Company, Lexington, Kentucky, where funds will be deposited to pay the principal of, premium, where applicable, and interest falling due on the Called Prior Bonds, as same shall be called for redemption in advance of maturity. Provided that since the First Security National Bank & Trust Company, Lexington, Kentucky, and the Chemical Bank, New York City, New York (the "Alternate Bank") are the Payee Banks as to the Series G (Prior) Bonds, and the Series H (Prior) Bonds, arrangements will be made between the Escrow Bank and Alternate Bank for transfer by the Escrow Bank to The Alternate Bank of sufficient funds to meet the interest on any of the Called Prior Bonds presented for payment to the Alternate Bank, in ample time prior to May 1 and November 1 of each year prior to the redemption date of the Called Prior Bonds and to meet principal, redemption premium, and interest payments due thereon on such redemption date.

"ESCROW FUND" refers to the University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G, H, and I Escrow Fund of 1986, created in this Current Resolution.

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

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

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

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

"NONCALLED PRIOR BONDS" or "NONCALLED SERIES G, H, AND I BONDS" refers to the Series G, H, and I Bonds scheduled to mature prior to the scheduled maturities of the Called Prior Bonds, and which will not be redeemed prior to maturity, although the Board may, at the time of sale of the Current Bonds, determine to advance refund part or all of such "Noncalled Prior Bonds", if such action would produce a greater interest cost savings to the Board.

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

"PRIOR SERIES G BOND RESOLUTION" refers to the (Amended) Resolution duly adopted by the Board on March 1, 1983, authorizing the Prior Series G Bonds.

"PRIOR SERIES H BOND RESOLUTION" refers to the Resolution duly adopted by the Board on January 25, 1983, authorizing the Prior Series H Bonds.

"PRIOR SERIES I BOND RESOLUTION" refers to the Resolution duly adopted by the Board on September 17, 1985, authorizing the Prior Series I Bonds.

"PRIOR BONDS" refers to the outstanding Bonds of the original authorized issues of Series G, H, and I Bonds.

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

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

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

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

"TRUSTEE" or "TRUSTEE-REGISTRAR" refers to the First Security National Bank & Trust Company, Lexington, Kentucky, as more fully defined under "BOND REGISTRAR".

ARTICLE II - Authorization of Current Bonds, Series G (Second Series), Series H (Second Series) and Series I (Second Series)

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

Pursuant to the provisions of the Basic Resolution, and for the purpose of accomplishing the refinancing, refunding, and redemption set out in the recitals hereof, which recitals are hereby adopted, consisting of the refinancing, refunding, and redemption of the "Called Prior Bonds" (the Series G Bonds scheduled to mature on and after May 1, 1995, the Series H Bonds scheduled to mature on and after May 1, 1996, and the Series I Bonds scheduled to mature on and after May 1, 1998), there are hereby authorized to be presently issued and sold the University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986 (the "Current Bonds" or the "Bonds"), in the aggregate principal amount of Thirty-One Million, Five Hundred Twenty-Five Thousand Dollars ($31,525,000), dated and bearing interest from August 1, 1986, which amount may be adjusted to whatever extent may be deemed by the Board to be necessary to accomplish such refunding.

The final size of the Bond issue will be calculated to provide the greatest economic advantage to the Board on the refunding project financed by the Bonds, and to achieve generally level annual debt service payments. The Original Purchasers of the Current Bonds will be required to accept the final Bond issue as so computed, whether the size of the Bond issue is increased or decreased, and to pay the same purchase price per $1,000 of Bonds of the adjusted size of the Bond issue as the purchase price bid in such successful bid. It is expected, although no absolute assurance can be given, that the final size of the Bond issue will be closely modeled to the Schedule of

Principal Amounts listed in the Official Bid Form and in the maturity schedule in Section 2.05 of this Current Bond Resolution, provided that, on a percentage basis, the adjustment required for the entire issue will be nearly equal to the adjustment made within each maturity, except that if, at the time of the sale, a determination is made that part or all of the "Noncalled Prior Bonds" will also be advance refunded, the percentage adjustment made within the maturities of the Current Bonds within the years 1987-1997 may be substantially larger than the percentage adjustment made in the total amount of Refunding Bonds to be issued.

The Current Bonds shall mature serially on May 1 of the respective years as set out below, and shall bear interest payable semiannually on the first days of May and November of each year, beginning November 1, 1986 (initial period representing three months' interest), at an interest rate or rates to be fixed by supplemental Resolution of the Board as a result of the advertised sale of the Current Bonds.

Section 2.02. Purpose.

The Current Bonds are being issued for the purpose of refinancing, advance refunding, and redeeming the outstanding Called Prior Bonds (and possibly even the Noncalled Series G, H, and I Bonds) in order to accomplish an interest cost savings to the University, as hereinafter specified.

Section 2.03. Date of the Current Bonds.

Except as set out in Section 2.06 hereof, the Current Bonds shall be dated August 1, 1986, and shall bear interest payable semiannually on each Interest Payment Date (May 1 and November 1 of each year), commencing November 1, 1986.

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

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

Section 2.05. Numbering and Maturities.

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

MATURITY DATE MAY 1	PRINCIPAL MATURITIES*
1987	$ 130,000
1988	230,000
1989	240,000
1990	250,000
1991	265,000
1992	280,000
1993	300,000
1994	320,000
1995	1,180,000
1996	1,735,000
1997	1,860,000
1998	2,810,000
1999	3,020,000
2000	3,285,000
2001	3,460,000
2002	3,685,000
2003	4,015,000
2004	1,385,000
2005	1,485,000
2006	1,590,000

*Subject to change

Section 2.06. Interest Payment Dates.

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

Section 2.07. Registered Owners.

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

Section 2.08. Payee Bank and Payment of Bonds.

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

Regular Record Date preceding each applicable Interest Payment Date, at the respective addresses appearing on the Bond Register.

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

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

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

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

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Trustee-Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Trustee shall have the right to order the preparation or printing of additional Bond Certificates which, in the sole discretion of the Trustee-Registrar, shall be necessary to maintain adequate reserves of such Bond Certificates to properly effect the continuing transfers of ownership of Bond Certificates. No further action regarding the authorization of additional Bond Certificates shall be required by the Board, and the expenses incidental thereto shall be borne by the Board as an additional annual requirement of the Current Bonds, the same as interest thereon.

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

Pending the preparation of the definitive Bonds, the Board, through its Chairman and Secretary, may execute and, upon the Board's request, the

Trustee-Registrar shall authenticate and deliver one or more temporary (or Master) Bond(s) which are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in fully registered form without coupons, and with such appropriate insertions, omissions, substitutions, and other appropriate and necessary variations as the officers of the Board executing such temporary Bond(s) may determine, as evidenced by their signing such temporary Bond(s).

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

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

shall constitute an original contractual obligation of the Board and shall be entitled to the benefit and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

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

Section 2.10. Provisions as to Prior Redemption.

(a) Redemption Prior to Maturity.

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

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

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

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

(c) Notice of Redemption.

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

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

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

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

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

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

Current Bonds, with the powers and duties set forth in the Basic Resolution and in this Current Resolution and with no liability in connection with any action or omission to act under the Basic Resolution or under this Current Resolution except for its own negligence or willful breach of trust. Execution of the Authentication Certificate of the Trustee-Registrar on the respective Current Bonds, shall conclusively establish the acceptance by the Trustee-Registrar of the trusts and provisions with respect thereto as set forth in the Resolution. Acceptance of the duties of Trustee-Registrar shall also be evidenced by the execution of the appropriate form of Acceptance immediately following the end of this Current Bond Resolution.

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

For the protection of the holders and owners of the Bonds secured by the Basic Resolution and this Current Resolution, a statutory mortgage lien upon the Project and properties connected therewith and belonging thereto, on a parity with All Bonds, is granted and created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien is hereby recognized and declared to be valid and binding as provided by law, and shall take effect immediately upon the delivery of any and all of the Current Bonds.

All of the Current Bonds are payable only from the Gross Revenues derived from the operation of the Project, and the Current Bonds shall not and do not constitute an indebtedness of the University of Kentucky or of its Board of Trustees or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Section 2.13. Authentication of Bonds.

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

Section 2.14. Form of Bonds.

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

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES),
AND SERIES I (SECOND SERIES)

NUMBER R-_____ PRINCIPAL AMOUNT:
(DOLLARS)

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

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

This Bond is part of an authorized issue of $_____ principal amount of Bonds (said Bonds being hereinafter sometimes collectively referred to as "Current Bonds", the "Bonds", or "these Bonds"), authorized to be issued by the Board pursuant to proceedings of the Board, for the purpose of advance refunding part of the outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series G, Series H, and Series I (the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all interest requirements* of all of the Prior Bonds scheduled to be redeemed in advance of maturity; and (2) to redeem on the designated redemption date, through payment of principal, redemption premium, and interest, all of the Prior Bonds scheduled to be redeemed in advance of maturity, as more fully set forth and identified in the Resolution of the Board authorizing these Bonds (the "Current Bond Resolution"), under and in full compliance with the Constitution and Statutes of Kentucky, including Sections 162.340 to 162.380, 164.595, and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect, and under and pursuant to the Resolution adopted by the Board on September 20, 1960 (hereinafter collectively referred to as the "Basic Resolution"), and as supplemented by subsequent resolutions identified as the Series A through I Resolutions.

The Prior Bonds were issued pursuant to said statutes for the purpose of financing the cost (not otherwise provided) of establishing and

*If, at the time of the sale of the Current Bonds, it is determined that part or all of the Noncalled Prior Bonds (not scheduled to be redeemed in advance of maturity) will also be advance refunded, this sentence will be changed to refer to amounts sufficient to pay "all principal and interest requirements of all of the Prior Bonds other than those Prior Bonds scheduled to be redeemed in advance of maturity" or other appropriate wording.

erecting certain educational buildings and necessary appurtenances upon properties of the University on the campus of the University in Lexington, Kentucky, the buildings of which projects have been completed and now constitute part of the Consolidated Educational Buildings Project of the University (hereinafter referred to as the "Project"). Copies of the Basic Resolution, the Series G Resolution, the Series H Resolution, the Series I Resolution, and the Current Bond Resolution are on file in the office of the Trustee. Reference is hereby made to said various resolutions pursuant to which (a) the First Security National Bank & Trust Company, in the City of Lexington, Kentucky, has been designated as Trustee, and now as Bond Registrar, Payee Bank, and Transfer Agent, respectively for the holders and owners of the various bonds against the Project, including the Current Bonds, (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Current Bonds; (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Current Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

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

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

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

*This wording may be changed consistent with the earlier footnote in this Bond Form.

Bond Fund is pledged to and charged with the payment of said principal and interest.

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

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

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

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

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

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

A statutory mortgage lien, which is hereby recognized as valid and binding on the Project and properties connected therewith and belonging thereto, on a parity with All Bonds, is created and granted to and in favor of the owner(s) of these Current Bonds, pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien shall take effect immediately upon the delivery of any and all of the Current Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on All Bonds, including the Current Bonds.

All Bonds as may be outstanding from time to time are payable only from a fixed amount of the gross Revenues derived from the operation of the Project, which necessary fixed amount will be annually set aside into the Bond Fund, and this Bond does not constitute and indebtedness of the University of Kentucky or its Board or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

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

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

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

IN TESTIMONY WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed in its behalf by the reproduced facsimile signature of its Chairman, and the facsimile of its corporate seal to be imprinted hereon, and attested by the reproduced facsimile signature of its Secretary, dated as of the first day of August, 1986; provided, however, that this Bond shall not be valid or become obligatory for any purpose or be

entitled to any security or benefit under the Current Bond Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee-Registrar printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee-Registrar.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By _____ (Facsimile Signature)
Chairman, Board of Trustees

Attest:

_____ (Facsimile Signature)
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

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

FIRST SECURITY NATIONAL BANK & TRUST COMPANY
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____

the within Bond and hereby irrevocably constitutes and appoints _____

_____

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

Dated: _____

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

Signature Guaranteed:

Social Security or other identifying number of Assignee: _____

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

ARTICLE III - Public Sale of Current Bonds; Application of Proceeds; Escrow Fund; Payment and Redemption of Part of the Series G, H, and I Bonds; Compliance with Parity Requirements.

Section 3.01. Advertisement of Current Bonds for Sale.

The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Board shall designate by duly adopted Motion or Resolution.

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

A suggested form of Notice of Sale of Bonds, a suggested form of Official Terms and Conditions of Sale of Bonds, and a suggested form of Official Bid Form having been prepared by Bond Counsel, in cooperation with the Fiscal Agent, and same, together with a suggested form of Preliminary Official Statement, having been examined by this Board, same are hereby approved for such purposes, and a copy of each is hereby ordered to be attached to this Resolution and to the minutes of the meeting at which this Resolution is adopted. The Notice of Sale of Bonds shall be signed by the Treasurer of the University and may be used for the purpose of publishing notice of the sale of

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

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

Upon the date and at the respective hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids therefore received by the Treasurer (in the office of the President) shall be publicly opened and publicly read by the Treasurer and later delivered to the Board and again publicly read by the presiding officer of the Board. If there shall be one or more bids which conform in all respects

to the prescribed terms and conditions, such bid shall be compared, and the Board agrees that if a bid is accepted, it will accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds.

As set out in a separate Resolution of the Board, currently adopted, the President of the University shall be authorized, upon the advice of the Fiscal Agent, with the approval of the Treasurer of the University, to fix the date and hour of the receipt of bids for the purchase of the Current Bonds and the date of publication of the Notice of Sale of Bonds.

It is hereby determined that the successful bid for the purchase of the Current Bonds may be accepted by the Executive Committee of the Board of Trustees upon the advice of the Board's Fiscal Agent, Dupree & Company, Inc., with the approval of the Treasurer of the University, upon the making of a determination by the Executive Committee that such acceptance will effect a substantial savings to the University in interest costs on the Prior Bonds.

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

The Board may accept the successful bid on the basis of awarding to the successful bidder an amount of Current Bonds substantially greater or substantially less than the $31,525,000 of Bonds herein authorized, to whatever extent may be deemed by the Board to be necessary to accomplish the proposed refunding if it appears that otherwise there would be an underissuance or overissuance of the amount of the Current Bonds needed to accomplish the purpose of the proposed refinancing, refunding, and redemption. The purchase price of such adjusted amount shall be the same price per $1,000 of Bonds as the price bid by the successful bidder for the purchase of the advertised amount of the Current Bonds. The maturities may be adjusted as set out in Section 2.01 hereof.

Section 3.03. Determination that Advance Refunding of Part of the Series G, H, and I Bonds is to the Best Advantage and in the Public Interest of the Board and of the University.

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

It is hereby determined that in the refunding, refinancing, and provision for redemption of the Prior Bonds, as set out in the ensuing Section of this Resolution, it is in the best interest of the Board and the University that same be accomplished to the best advantage and in the public interest by the issuance of the Current Bonds in a larger principal amount than the principal amount of the outstanding Called Series G, H, and I Bonds, at a rate or rates of interest lower than the rates now applicable to the Called Prior Bonds, and through the payment of a redemption premium of (a) three percent on May 1, 1993 with respect to the Series G Bonds scheduled to mature on May 1, 1995 and thereafter, (b) three percent on May 1, 1993 with respect to the Series H Bonds scheduled to mature on May 1, 1996 and thereafter, and (c) two percent on May 1, 1996 with respect to the Series I Bonds scheduled to mature on May 1, 1998 and thereafter, and through the payment of the interest as same becomes due until and including the respective redemption dates, on all of such Called Prior Bonds being redeemed prior to maturity, subject to adjustment as to date(s), and maturities to be redeemed, and with the aforesaid reservation of the right to advance refund part or all of the Noncalled Prior Bonds, in order that the maturity schedule may be restructured for the benefit for the

Board and the University and in order to effect substantial interest savings through the anticipated lower interest rates and the restructuring of the maturities.

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

Section 3.04. Compliance With Parity Requirements of Resolution.

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

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

(b) That prior to the issuance of the Current Bonds, there will have been procured and filed with the Trustee a statement by the Treasurer of the Board to the effect that the average of the annual Revenues from the Project for the two Fiscal Years immediately preceding the issuance of the Current Bonds, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Outstanding Bonds (excluding the "Called Series G, H, and I Bonds" which will have been defeased by the issuance of the Current Bonds) and the Current Bonds proposed to be issued. For the purposes of such computation, such certification of the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increases or decreases in the pledged Revenues (the student registration fees) which at that time shall have been determined by the Board and made effective for future services of the Project; and such certification shall also state that the issuance of the Current Bonds shall not reduce the above-prescribed "coverage" "to less than 1.25 times the maximum Principal, Interest and Bond Fund Charges", as provided in said Section 7.10.

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

E, F, G, H, and I Bonds, except for the "Called Series G, H, and I Bonds" (and any of the Noncalled Prior Bonds which may be defeased) on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings.

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

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

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

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

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

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

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

Section 3.06. Adjustments in the Debt Service Reserve.

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

Since it is contemplated that a portion of the currently available funds in the existing Debt Service Reserve Fund may be transferred to and deposited in the Escrow Fund to supplement part of the proceeds of the Current Bonds to assure that sufficient funds will be deposited into the Escrow Fund to accomplish the purposes thereof, viz., to provide for the payment of the principal, interest, and redemption premium requirements of the "Called Series G, H, and I Bonds" (and possibly also of the Noncalled Prior Bonds) the Board hereby covenants and agrees that to the extent that the Debt Service Reserve may or shall be reduced below the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve, the Board shall, prior to the delivery of the Current Bonds, deposit (from the proceeds of the Current Bonds and/or from other available funds) into the Debt Service Reserve Fund

sufficient amounts to assure the restoration of the Debt Service Reserve to a total amount equal to not less than the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve, whichever is lesser.

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

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

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

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

There shall be deposited from the proceeds from the sale of the Current Bonds, and from any other available source, in a certain special Escrow Fund and Account hereby created and established, to be deposited with the Escrow Bank, which Escrow Fund shall be designated as and shall be known as the "University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G, H, and I Escrow Fund of 1986 (the "Escrow Fund"), an amount sufficient (1) to pay all interest requirements of the "Called Prior Bonds" as same become due; and (2) to redeem on the respective designated redemption dates, all of the respective "Called Prior Bonds" scheduled to be redeemed on such respective dates. It is initially contemplated that the Series G Bonds maturing May 1, 1995 and thereafter will be called for prior redemption on May 1, 1993; that the Series H Bonds maturing May 1, 1996 and thereafter will be called for prior redemption on May 1, 1993; and that the Series I Bonds maturing May 1, 1998 and thereafter will be called for prior redemption on

May 1, 1996; provided that (a) at the time of the sale of the Current Bonds, such dates may be adjusted in the resolution accepting the successful bid for the purchase of the Current Bonds, to whatever extent deemed advisable by the Board to achieve the maximum savings to the Board, and (b) as set out herein, the Board may determine at the time of the sale of the Current Bonds, that part or all of the Noncalled Prior Bonds will also be advance refunded and defeased through deposit of additional amounts in the Escrow Fund to effect such advance refunding and defeasement.

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

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

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

If and to the extent that the amount on deposit in the Escrow Fund shall be in excess of the amount required, such amount shall be immediately transferred to the Debt Service Reserve; provided, further, that after the final redemption date of the Called Prior Bonds, any amount in excess of the amount required for that purpose, including requirements for the retirement and/or redemption of the Called Prior Bonds and/or coupons (1) matured and/or called but not yet presented for payment, and/or (2) uncashed checks with respect thereto, such excess amount shall be transferred immediately to the Bond Fund and treated the same as all other amounts deposited therein.

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

(b) Escrow Fund to be Earmarked, Pledged, and Held in Trust to Meet Requirements of Called Series G, H, and I Bonds.

Amounts on deposit in the Escrow Fund shall be earmarked, pledged, and held in trust for credit to the account of the Escrow Fund created in the

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

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

All amounts held in the Escrow Fund pursuant to the Escrow Agreement shall be held in trust for, and shall be disbursed only for the purpose of, the payment of the principal of, interest on, and premium, on the Called Prior

Bonds as and when the same are called for prior redemption, subject to the provisions set out above as to the application of surplus funds in the Escrow Fund.

All of the foregoing provisions shall be adjusted to provide for the requirements of the Noncalled Prior Bonds if, as aforesaid, a determination shall be made also to advance refund and defease part or all of the Noncalled Prior Bonds.

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

Unless, except, and to the possible extent needed to assure the full funding of the Escrow Fund to assure the accomplishment of the purposes of the Escrow Fund, the amount received as that portion of the purchase price of the Current Bonds representing collected accrued interest from the date of the Current Bonds (August 1, 1986) to the date of delivery thereof, shall be deposited into the Bond Fund.

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

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

(e) Cost of Issuance Account.

From the aggregate proceeds of the sale of the Bonds, the amount of $120,000 shall be deposited in an account on deposit with the Trustee, which account is hereby created to be known as the "University of Kentucky Consolidated Educational Buildings Series G, H, and I (Second Series) Refunding Bonds Cost of Issuance Account", to be held and disbursed upon written authorization

of the Board. The Trustee shall apply funds in such account for the purpose of meeting issuance expenses, including printing, fiscal agent fee, legal fees and expenses, costs of audits and verifications, rating agency fees, and other necessary costs (to the extent not payable by the Fiscal Agent) of preparing, issuing, advertising, and selling the Bonds. After payment in full of such issuance expenses, based upon the certification of the Board, through its Treasurer, all amounts remaining in such Account shall be transferred to and deposited in the Bond Fund and applied toward the payment of interest requirements on the Bonds on November 1, 1986.

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

Authority is hereby given by the Board to Mr. David L. Miller, Mr. C. Willis Ritter, and/or Ms. Diane Hill of Haynes & Miller, Suite 401, 1156 Fifteenth Street N.W., Washington, D. C. 20005, Mr. Joseph R. Rubin of Rubin & Hays, Suite 300, 209 South Fifth Street, Louisville, Kentucky 40202, Mr. Fred Dupree, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, and to any one of them, to act on behalf of the Board in signing upon the behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes, or Bonds - State and Local Government Series, and/or for the purchase of other Permitted Investments, to be issued to the First Security National Bank & Trust Company, Lexington, Kentucky, as Escrow Agent, in connection with the application of the proceeds of the Current Bonds (supplemented by other funds). The Chairman, the Secretary, and/or the Treasurer of the Board is authorized to sign and send a letter to the Securities Division, Federal Reserve Bank, Louisville, Kentucky, or any branch of the Federal Reserve Bank, and/or FDIC Banks, certifying as to the authority of such individuals.

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

Provision having thus been made for all of the requirements of the Called Prior Bonds through the orderly payment, redemption, and retirement of the Called Prior Bonds as set out herein through escrow of the net proceeds of the Current Bonds and other funds, it is hereby recognized and acknowledged that as of the date of delivery of the Current Bonds, provision will have been made for the performance of all covenants and agreements of the Board incident to the issuance of the Called Prior Bonds, and that accordingly, and in compliance with all that has heretofore provided, the Board will have no further obligation with reference to the Called Prior Bonds, except to assure that the Called Prior Bonds are paid from the funds so escrowed in accordance with the provisions of such escrow arrangement; provided (a) the Board's obligation with respect to the Noncalled Prior Bonds (which will not be called prior to maturity) shall continue unchanged, and (b) all of the foregoing shall also apply to the Noncalled Prior Bonds if same are also to be advance refunded and defeased (in whole or in part).

Section 3.10. Federal Limitations on Investment of Funds.

The Board covenants and certifies, in compliance with federal arbitrage regulations, on the basis of known facts and circumstances in existence and reasonable expectations on the date of adoption of this Current Bond Resolution, that it is not expected that the proceeds of the Current Bonds or the revenues of the Project will be used in a manner which would cause such Current Bonds to be "arbitrage bonds", within the meaning of Section 103(c) of the Code and the applicable regulations. The Board covenants to the Purchasers and/or owners of the Current Bonds that (1) the Board will make no use of the

proceeds of the Current Bonds, or the revenues of the Project, which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds", and (2) that the Board will comply with (a) all of the requirements of Section 103(c) of the Code, and (b) all of the requirements of applicable Income Tax Regulations thereunder, to whatever extent is necessary to assure that the Current Bonds shall not be treated as "arbitrage bonds".

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

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

Prior to or at the time of delivery of the Current Bonds, the Chairman and the Treasurer of the Board are hereby jointly and severally designated and charged by the Board and University with responsibility for issuing the Current Bonds and are hereby designated as the officers of the Board and the University to execute (by any one of them) the certification required by Section 1.103-13(a)(2)(ii) and any other provisions of the Treasury Regulations, and such certification shall set forth such facts, expectations,

and circumstances, and shall state that to the best of his knowledge and belief there are no other facts, expectations, or circumstances that would materially change such expectation that the proceeds of the Current Bonds will not be used in a manner that would cause same to be "arbitrage bonds". If, under any valid provision of law hereafter enacted, the interest paid by the Board on the Current Bonds should be excludable from the gross income of a recipient thereof for federal income tax purposes without regard to compliance with the provisions of Section 103(c) of the Code, then the University shall not be required to comply with such provisions of the Code.

ARTICLE IV - Miscellaneous Concluding Provisions.

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

The Board hereby readopts, ratifies and confirms all previous Resolutions relating to the Project, including the Basic Resolution adopted on September 20, 1960, and each of the various Series Resolutions, A, B, C, D, E, F, G, H, and I, except that it is acknowledged that the provisions of the Series G, H, and I Resolutions as to the Called Series G, H, and I Bonds (but not as to the non-called Series G, H, and I Bonds) will be deemed to have been defeased simultaneously with the issuance of the Current Bonds.

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

First Security National Bank & Trust Company, Lexington, Kentucky, the Trustee in all previous Series Resolutions, which was designated in Section 2.5 of the Series I Resolution to serve also as Bond Registrar, Transfer Agent, and Payee Bank with respect to the Series I Bonds, is also hereby designated to serve as Escrow Agent under the Escrow Agreement approved in Section 3.05(a) hereof, and the previous appointment of such Trustee to serve in all capacities referred to above is hereby ratified and confirmed with respect to the Current Bonds.

Its duties as Registrar, Transfer Agent, and Payee Bank with respect to the Current Bonds shall be the same as its duties in such capacities with respect to the Series I Bonds. Its duties as Escrow Bank will be to perform all duties of the Escrow Bank specified herein and in the separate Escrow Agreement between the Board and the Escrow Bank with respect to the Called Prior Bonds.

The Trustee/Registrar/Payee Bank/Escrow Bank shall be entitled to the same rights, privileges and immunities with respect to the Current Bonds as are specified in the Series I Resolution with respect to the Series I Bonds.

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

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

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

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

The Board acknowledges that prior to the time that this Resolution is adopted (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), was passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") was issued by the Chairman and Ranking Members of both the Ways and Means Committee of the U. S. House of Representatives and the Finance Committee of the U. S. Senate, together with the Secretary of the U. S. Treasury Department dated March 14, 1986, and (c) it is not known at present whether such Tax

Law will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any, will be included in such law.

In order to assure purchasers of the Current Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation, except that income from these Current Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such companies (and may constitute an item of tax-preference in the income of all corporations if the version of such Law approved by the Senate Finance Committee is enacted), the Board covenants to and with the owners of such Current Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, and (3) none of the proceeds of the Current Bonds will be used for any purpose which would cause the interest on the Current Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if enacted and signed into law in the form as same exists at the time of issuance of the Current Bonds, if such Tax Law as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement.

The Board reserves the right to amend this Resolution authorizing the Current Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of Bondowners) to eliminate or

reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project; and the purchasers of the Current Bonds are deemed to have relied fully upon these covenants, undertakings, and reservations on the part of the Board as part of the consideration for the purchase of such Current Bonds.

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

Section 4.05. Resolution Contractual With Bondowners.

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

Section 4.06. Specific Reservation of Right to Advance Refund and Defease All or Any Part of Noncalled Prior Bonds.

The Board hereby specifically reserves the right on the date of acceptance of the successful bid for the purchase of the Current Bonds to determine (a) whether to provide for the advance refunding and defeasement of the Called Prior Bonds only, (b) precisely which of the "callable" Prior Bonds shall in fact be called for redemption in advance of maturity and on what redemption date, (c) whether any, and if so, which, of the Noncalled Prior Bonds shall also be advance refunded and defeased as part of the refinancing financed by the Current Bonds, and (d) precisely what, if any, transfers shall be made from the Bond Fund and/or the Debt Service Reserve portion thereof to

the Escrow Fund, and how much, if any amount, shall be transferred from the proceeds of the Current Bonds into the Bond Fund and/or the Debt Service Reserve portion thereof, all with the intent of (1) achieving the maximum savings to the Board and the University, and (2) not adversely affecting the exemption of interest on the Current Bonds from Federal and State income taxation.

Section 4.07. Provisions in Conflict are Repealed.

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

Section 4.08. Copy to be Filed with Trustee.

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

Adopted June 25, 1986.

Chairman, Board of Trustees
University of Kentucky

Secretary, Board of Trustees

(Seal)

CERTIFICATION

I, GEORGE W. GRIFFIN, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certify that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on June 25, 1986, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and in in full force and effect at this date.

WITNESS my signature and the Seal of said Board this June _____, 1986.

_____

Board of Trustees of
University of Kentucky

ACCEPTANCE BY FIRST SECURITY NATIONAL BANK
& TRUST COMPANY
LEXINGTON, KENTUCKY, AS
BOND REGISTRAR, TRANSFER AGENT, PAYEE BANK, AND ESCROW AGENT

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

Dated this _____, 1986.

FIRST SECURITY NATIONAL BANK &
TRUST COMPANY
Lexington, Kentucky

By_____

Title_____

(Seal of Bank)

EXHIBIT A

MASTER BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND
SERIES I (SECOND SERIES)

No. MB-1 Principal Amount $_____

KNOW ALL MEN BY THESE PRESENTS:

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

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

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

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

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

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

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

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

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

(Seal of Board)

_____
Chairman, Board of Trustees

Attest:

_____
Secretary, Board of Trustees

THE AUTHENTICATION DATE OF THIS BOND IS _____.

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

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

FIRST SECURITY NATIONAL BANK &
TRUST COMPANY
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

ENDORSEMENT OF REGISTERED OWNER(S)

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

Dated this _____, 1986.

_____

By _____
Authorized Signature

NOTICE OF SALE OF BONDS

$31,525,000
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND
SERIES I (SECOND SERIES)
DATED AUGUST 1, 1986

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

_____ day of _____, 1986

at the hour of _____.M., E.D.T., it will receive in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, sealed, competitive bids for the purchase of $31,525,000 of the above-identified issue of bonds, subject to adjustment as to amount as hereinafter provided, being fully registered bonds, in the denomination of $5,000 or any multiple of same within the same maturity, maturing on May 1, 1987 through 2006.

The minimum bid is $30,894,500.00 (98% of par). All bidders must bid for all of the Bonds, and the purchase price is payable in Federal Funds. The initial reoffering price of all Bonds to the public must be at par (100%).

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

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

The Bonds will be issued subject to the approving legal opinion of the firm of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, with a separate no-arbitrage opinion of the firm of Haynes & Miller, Washington, D.C., based on the assumption of compliance by the Board with certain covenants made by the Board in accordance with HR 3838, if enacted into law in the form passed by the U.S. House of Representative on December 17, 1985, and assuming that such law as enacted reflects the postponement of the effective date to the extent endorsed in a certain "Joint Statement", as set out in detail in the Official Terms and Conditions of Sale of Bonds and in the Preliminary Official Statement.

Good faith check is $315,250.00. Bid Forms, Official Terms and Conditions, and Preliminary Official Statement may be obtained from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741.

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

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$31,525,000
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND
SERIES I (SECOND SERIES)
DATED AUGUST 1, 1986

SALE: _____, 1986, _____ ___.M., E.D.T.

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

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

A. DESCRIPTION AND MATURITIES OF BONDS.

1. The Current Bonds will be issued only as fully registered bonds, without coupons, in the denomination of $5,000 principal amount or any multiple of $5,000 within a single maturity (as designated by the Purchasers), will bear interest payable semiannually on May 1 and November 1 of each year to maturity (first interest payment date, November 1, 1986 - three months), and will mature on May 1 of the respective years, as follows, subject to revision as specified below:

Year of Maturity May 1	Maturity Amount	Year of Maturity May 1	Maturity Amount
1987	$130,000	1997	$1,860,000
1988	230,000	1998	2,810,000
1989	240,000	1999	3,020,000
1990	250,000	2000	3,285,000
1991	265,000	2001	3,460,000
1992	280,000	2002	3,685,000
1993	300,000	2003	4,015,000
1994	320,000	2004	1,385,000
1995	1,180,000	2005	1,485,000
1996	1,735,000	2006	1,590,000

2. The final size of the Bond issue will be calculated to provide the greatest economic advantage to the Board on the refunding project financed by the Bonds, and to achieve generally level annual debt service payments. The successful purchaser will be required to accept the final Bond issue as so computed, whether the size of the Bond issue is increased or decreased, and to pay the same purchase price per $1,000 of Bonds of the adjusted size of the Bond issue as the purchase price bid in such successful bid. It is expected, although no absolute assurance can be given, that the final size of the Bond issue will be closely modeled to the Schedule of Principal Amounts listed in the Official Bid Form, provided that, on a percentage basis, the adjustment required for the entire issue will be nearly equal to the adjustment made within each maturity, except that if, at the time of the sale, a determination is made that part or all of the "Noncalled Prior Bonds" will also be advance refunded, the percentage adjustment made within the maturities of the Current Bonds within the years 1987-1997 may be substantially larger than the percentage adjustment made in the total amount of Refunding Bonds to be issued.

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

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

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

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

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

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

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

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

B. STATUTORY AUTHORITY AND PURPOSE OF BONDS.

8. These Bonds are issued for the purpose of advance refunding part of the outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds, Series G, dated April 1, 1983, Series H, dated March 1, 1983, and Series I, dated October 1, 1985 (collectively the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds, which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all interest requirements of all of the Prior Bonds scheduled to be redeemed in advance of maturity; and (2) to redeem on the designated redemption dates, through payment

of the principal, redemption premium, and interest, all of the Prior Bonds scheduled to be redeemed in advance of maturity, with the precise redemption arrangements, by date and amount, being determined at the time of the sale of the Current Bonds, to achieve the maximum savings available in effecting the retirement and redemption of part of the Prior Bonds, as more fully set forth in the proceedings of the Board, including Sections 162.340 to 162.380, 164.595, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect. The Board has reserved the right, on the date of sale, to determine (a) whether to provide for the advance refunding and defeasement of only the Called Prior Bonds, (b) precisely which of the "callable" Prior Bonds shall in fact be called for redemption in advance of maturity and on what redemption date, and (c) whether any, and if so, which of the Prior Bonds other than the "Called Prior Bonds" shall also be advance refunded and defeased as part of the refinancing financed by the Current Bonds, with the goal of achieving the maximum savings to the Board and the University; and such decisions will obviously have an effect on the final sizing of the issue and of the maturities thereof.

9. The Series G, H, and I Bonds (the "Prior Bonds") were issued for the purpose of paying the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings upon properties of the University in Lexington, Kentucky, the buildings of which projects have been completed and now constitute part of the Consolidated Educational Buildings Project of the University (hereinafter referred to as the "Project"). All of said Prior Bonds, together with the previous Series A, B, C, D, E, F, G, H, and I Bonds, issued in connection with the Consolidated Educational Buildings Project, have been payable solely from and secured by a first pledge of the revenues derived by the University from the operation of the Project. Accordingly, the Current Bonds, when issued, will be payable on a parity with the previous Series A, B, C, D, E, F, G, H, and I Bonds (except for the "Called Series G, H, and I Bonds" and any other of the Series G, H, and I Bonds which shall be determined by the Board also to be advance refunded and defeased) on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien on the Project buildings.

C. SECURITY.

10. These Current Bonds, together with $_____ of outstanding Parity Bonds (Series A through I, excluding whatever portion or all of the Series G, H, and I Bonds that shall be advance refunded), are secured by and payable from the Revenues of the Project. Such Revenues consist of certain student registration fees imposed and collected from students attending the University. As further security for the Bonds, a statutory mortgage lien upon the Project is created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes.

D. BIDDING CONDITIONS AND RESTRICTIONS.

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

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

B. Bidders shall be required to bid for the entire issue a minimum price of not less that $30,894,500 (98% of par) for the $31,525,000 of Bonds, plus accrued interest from the date of the Bonds (August 1, 1986) to the date of delivery, payable in Federal Funds. The initial reoffering price of all Bonds to the public must be at par (100%).

C. The determination of the best bid will be made on the basis of all bids submitted for exactly $31,525,000 of Bonds as offered for sale under the terms and conditions herein specified. The Board will, at the meeting of the Board which will be held to act upon the receipt of bids for the Bonds, accept or reject the best bid, provided, however, the Board reserves the right to increase or reduce the amount of Bonds sold and also to adjust maturities as set out in paragraph A-2 of these Official Terms. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. The price at which such adjusted amount of bonds will be sold will be the same price per $1,000 of bonds as the price bid in the successful bid per $1,000 for the $31,525,000 of Bonds initially offered for sale.

D. Each bid shall be accompanied by a certified or bank cashier's good faith check in the amount of $315,250 (1%), payable to the order of the Treasurer of the University of Kentucky. The check of the successful bidder will be immediately deposited by the University and credited (without interest) against the purchase price. The good faith checks of the unsuccessful bidders will be returned promptly.

E. Bidders must state an interest rate or rates in a multiple of 1/8 and/or 1/20 of 1%. There is no maximum interest rate applicable.

F. There is no limit on the number of different rates which may be specified in any bid and there is no maximum differential between the highest and lowest interest rates stipulated in any bid.

G. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

H. Interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.

I. The right to reject bids for any reason deemed advisable by the Board and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of the Board, with the advice of the Fiscal Agent, shall be minor or immaterial, is expressly reserved.

J. Bids must be made on forms which, together with an Official Statement, may be obtained at the office of the Treasurer of the University or from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741. Bids must be enclosed in sealed envelopes marked "Proposal for University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986", and bids must be received by the aforesaid Treasurer prior to the date and hour set for the sale.

K. The original purchasers (the "Original Purchasers" or the "Purchasers") of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the Purchasers. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchasers thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase agreement.

L. Delivery will be made on or about _____, 1986, at First Security National Bank & Trust Company, Lexington, Kentucky, at no additional cost or expense to the Purchasers, or elsewhere at the expense of the Purchasers.

M. It is anticipated that the University may tender the Bonds in the form of a single fully registered Master Bond or similar document to the Original Purchasers, in which event, within not more than three days following such delivery such Original Purchasers will be issued fully registered Bond Certificates (in the denomination of $5,000 or any multiple of same within the same maturity) in such names as shall have been properly designated to the Bond Registrar.

N. It shall be the responsibility of the Original Purchasers to furnish or cause to be furnished to the Payee Bank/Registrar at least five days prior to the date of delivery of the Bonds, a list of the names, addresses, social security numbers or employer identification numbers, principal amount, and maturities of each of the parties to whom the Bonds are to be registered. In the event of the failure to so furnish such list, the Bonds delivered to the Original Purchasers shall be registered in the name or names of such Original Purchasers or their designated representatives appearing as the first name on the successful Bid Form, or otherwise appropriately designated, and shall be issued in denominations corresponding to the principal amount of each respective maturity, as shall be determined by the Trustee-Registrar. The Registrar shall issue and deliver to each respective member of the Original

Purchasers, within three business days after their initial delivery of the Bonds (or of the Master Bond referred to above) fully registered Bond Certificates for each registered owner designated as above provided.

O. Upon wrongful refusal of the Purchasers to take delivery of and pay for the Bonds in Federal Funds when tendered for delivery, the amount of the good faith check shall be forfeited by such Purchasers, and such amount shall be deemed liquidated damages for such default, provided, however, if such Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, said Purchasers shall be relieved of any liability to accept the Bonds hereunder.

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

E. ADDITIONAL SALE PROVISIONS.

12. If upon the basis of the foregoing, the Board shall accept a purchase bid for the $31,525,000 of Current Bonds, or for the permissible adjusted amount thereof, the Board shall adopt a Resolution to that effect, supply proper evidence of such acceptance to the bidder submitting the accepted purchase bid, and thereafter the appropriate documents evidencing the sale of the Bonds and necessary for the delivery thereof shall be executed. The Board shall also at the time of acceptance of such successful bid, authorize the publication of the appropriate Notice of Redemption of Bonds with reference to the Prior Bonds to be called for redemption in advance of maturity.

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

F. SPECIAL TAX EXEMPTION CONSIDERATIONS.

14. Potential bidders are reminded that at the time that these Bonds are offered for sale, (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), has been passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") has been issued by the Chairman and Ranking Members of both the Ways and Means Committee of the U. S. House of Representatives and the Finance Committee of the U. S. Senate, together with the Secretary of the U. S. Treasury Department dated March 14, 1986, and (c) it is not known at present whether such Tax Law will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any will be included in such law. In order to assure purchasers of the Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such bondowners), the Board covenants to and with the owners of such Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if enacted and signed into law in the form as same exists at the time of issuance of the Bonds, if such Tax Law as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement, and (4) the Board reserves the right to amend the Resolution authorizing these Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the Bondowners) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project; and the purchasers of the Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of such Bonds.

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

It is noted that the U. S. Senate Finance Committee has on May 6, 1986, approved and recommended to the Senate a Senate version of tax reform legislation which includes a provision that interest on all municipal bonds will constitute a "tax preference" item in the income of corporations.

Bond Counsel will render the customary opinion as to exemption of principal of the Bonds from ad valorem taxation and as to exemption of interest on the Bonds from Federal and Kentucky income taxation, assuming that the Board complies with covenants made by the Board with respect to compliance with the provisions of H.R. 3838, if enacted into law in the form passed by the House of Representatives on December 17, 1985, and if such law reflects a postponement of effective dates to the extent endorsed in the Joint Statement, except that with respect to property and casualty insurance companies, such interest may be included in an alternative calculation of taxable income; and said opinion will state that Bond Counsel has relied upon the opinion of Haynes & Miller, Washington, D. C., Special Tax Counsel, (a) that the Bonds are not "Arbitrage Bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and (b) with respect to matters related to the Tax Law referred to herein.

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

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

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

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

OFFICIAL BID FORM

$31,525,000
UNIVERSITY OF KENTUCKY
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND
SERIES I (SECOND SERIES)
DATED AUGUST 1, 1986

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

Ladies and Gentlemen:

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

We hereby bid to purchase said $31,525,000 principal amount of Bonds for the sum of $_____ (not less than $30,894,500.00) plus accrued interest from August 1, 1986, at the following annual interest rates:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

Year of Maturity May 1	Maturity Amount	Rate	Year of Maturity May 1	Maturity Amount	Rate
1987	$130,000	____%	1997	$1,860,000	____%
1988	230,000	____%	1998	2,810,000	____%
1989	240,000	____%	1999	3,020,000	____%
1990	250,000	____%	2000	3,285,000	____%
1991	265,000	____%	2001	3,460,000	____%
1992	280,000	____%	2002	3,685,000	____%
1993	300,000	____%	2003	4,015,000	____%
1994	320,000	____%	2004	1,385,000	____%
1995	1,180,000	____%	2005	1,485,000	____%
1996	1,735,000	____%	2006	1,590,000	____%

We understand that the size of the final bond issue and of each maturity may be adjusted so as to increase or decrease the total size of the bond issue to whatever extent is deemed by the Board of Trustees to be necessary to accomplish the refunding for which the bond issue is being sold. We agree to the condition that the initial reoffering of all Bonds to the public must and will be at par.

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

A certified or bank cashier's check in the amount of $315,250, payable to the Treasurer of the University of Kentucky, is enclosed in accordance with the Notice of Bond Sale and the Official Terms, with the understanding that if we are the successful bidder, said check is to be immediately deposited by the University and credited (without interest) against the purchase price at the time of delivery of the Bonds. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

_____

_____

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

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

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

BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY

By_____
Chairman

Attest:

_____
Secretary

(Seal)

EXHIBIT A

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

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

Dated this _____, 1986.

BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY

By_____
Chairman

ESCROW AGREEMENT

UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS
REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES),
SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES)

This ESCROW AGREEMENT, dated as of August _____, 1986, by and between the UNIVERSITY OF KENTUCKY, a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, Lexington, Kentucky 40506, acting pursuant to the provisions of Sections 162.340 to 162.380, 164.595, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, party of the first part (the "University"), and FIRST SECURITY NATIONAL BANK & TRUST COMPANY, a national banking association, One First Security Plaza, Lexington, Kentucky 40507, having trust powers and a member of the Federal Deposit Insurance Corporation, party of the second part (the "Escrow Agent"),

W I T N E S S E T H :

That in consideration of the mutual covenants of the parties hereto, it is agreed as follows:

1. The Escrow Agent will hold a special account, designated as the "University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G, H, and I Escrow Fund of 1986" (the "Escrow Fund"), created in Section 3.07(a) of the Bond Resolution adopted by the Board of Trustees of the University (the "Board") on June 25, 1986, authorizing the issuance and sale of $_____ which amount has been adjusted to $_____ of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986 (the "Current Bonds"), by a Resolution adopted by the Executive Committee of the Board on _____, 1986, accepting the successful bid for the purchase of said Current Bonds.

2. The Escrow Agent will accept investments for deposit in the Escrow Fund (all investments in the Escrow Fund being hereinafter sometimes referred to as the "Investments") in direct obligations of the United States Government (hereinafter collectively referred to as the "U. S. Obligations") and/or evidence of such Investments (through so-called Federal "bookkeeping entries"), all of which Investments shall be scheduled to mature and be available at such times and in such amounts as are adequate and necessary, together with any uninvested cash, as set out in Exhibit A attached hereto, to provide sufficient funds in ample time to meet the following requirements:

(a) To pay all interest requirements of the following outstanding University of Kentucky Consolidated Educational Buildings Revenue Bonds:

(i) Series G Bonds, dated April 1, 1983, scheduled to mature on May 1, 1995, and thereafter, and scheduled to be redeemed on May 1, 1993, in advance of maturity;

(ii) Series H Bonds, dated March 1, 1983, scheduled to mature on May 1, 1996, and thereafter, and scheduled to be redeemed on May 1, 1993, in advance of maturity; and

(iii) Series I Bonds, dated October 1, 1985, scheduled to mature on and after May 1, 1998, and scheduled to be redeemed on May 1, 1996, in advance of maturity.

(The outstanding Series G, H, and I Bonds are hereinafter referred to as the "Prior Bonds", and the outstanding Series G, H, and I Bonds which are scheduled to be redeemed in advance of maturity are hereinafter referred to as the "Called Prior Bonds") and

(b) To redeem on May 1, 1993, through payment of the principal, redemption premium, and interest, all of the Series G Bonds scheduled to mature on May 1, 1995 and thereafter, and all of the Series H Bonds scheduled to mature on May 1, 1996 and thereafter; and to redeem on May 1, 1996, all of the Series I Bonds scheduled to mature on May 1, 1998 and thereafter; but without providing in this Escrow Agreement for the payment of the principal of and/or interest on any of the outstanding Prior Bonds falling due on and before the scheduled maturity dates of any of such Called Prior Bonds, since such other (Noncalled) Prior Bonds and interest thereon are not being defeased prior to maturity.

3. The University has agreed and the Escrow Agent has been informed that the aggregate proceeds ($_____) received from the Purchasers of the Current Bonds, consisting of $_____ (purchase price) plus $_____ accrued interest from August 1, 1986 to August _____, 1986, shall be applied, together with other funds in the amount of $_____, furnished by the University, to pay the respective parties and to transfer funds to said Escrow Fund in accordance with Exhibit B attached hereto, so that the total sum of $_____ shall be deposited in such Escrow Fund.

4. Amounts on deposit in the Escrow Fund shall be held in trust for the benefit of the owners of the Prior Bonds, in such Escrow Fund, and all Investments therein shall be held in such Escrow Fund, subject to the following terms and conditions:

(a) The amount to be provided by both the principal and interest from the investments in U. S. Obligations therein shall be sufficient (when supplemented by any uninvested cash and/or other funds) and shall be available in ample time to meet the requirements specified in paragraph 2 hereof.

(b) On or immediately prior to each of the semiannual interest payment dates (May 1 and November 1) and annual principal payment dates (May 1), of the Called Prior Bonds, the necessary amounts of Investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the holders of the respective Called Prior Bonds and the interest payments falling due thereon on such respective dates, and shall be earmarked and applied for the payment of such respective interest payments falling due on such respective dates through said respective redemption dates (May 1, 1993 and May 1, 1996).

(c) On or immediately prior to May 1, 1993, a sufficient amount of Investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the holders of the Called Prior (Series G and H) Bonds scheduled to mature on and after May 1, 1993, and May 1, 1996, respectively, and for the benefit of the University, and the sum of $_____ shall be earmarked and applied for the redemption on May 1, 1993, of all of such Called Prior (Series G and H) Bonds.

(d) On or immediately prior to May 1, 1996, a sufficient amount of Investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the holders of the Called Prior Series I Bonds scheduled to mature on and after May 1, 1998, and for the benefit of the University, and the sum of $_____ shall be earmarked and applied for the redemption on May 1, 1996, of all of such Called Series I Bonds called for redemption on May 1, 1996.

(e) The total amount due on May 1, 1993 and May 1, 1996 (the redemption dates of the Called Prior Bonds) is $_____, calculated as follows:

Principal due on Series G Bonds called for redemption on May 1, 1993	$	
Redemption Premium on Series G Bonds called for redemption on May 1, 1993		
Interest due on all Series G Bonds on May 1, 1993		
Total amount due on May 1, 1993 on Series G Bonds called for redemption on May 1, 1993		$
Principal due on Series H Bonds called for redemption on May 1, 1993	$	
Redemption Premium on Series H Bonds called for redemption on May 1, 1993		
Interest due on all Series H Bonds on May 1, 1993		
Total amount due on May 1, 1993 on Series H Bonds called for redemption on May 1, 1993		$
Total amount due on May 1, 1993 on Series G Bonds and Series H Bonds		$
Principal due on Series I Bonds called for redemption on May 1, 1996	$	
Redemption premium due on Series I Bonds called for redemption on May 1, 1996		
Interest due on all Series I Bonds on May 1, 1996		
Total amount due on May 1, 1996 on Series I Bonds called for redemption on May 1, 1996		$

5. (a) All Investments in the Escrow Fund are to be held by the Escrow Agent for the equal and ratable benefit of the owners of the Called Prior Bonds. The Escrow Fund is irrevocable and the owners of the Called Prior Bonds shall have an express lien on all monies and investments in the Escrow Fund until used and applied in accordance herewith.

(b) As of the respective dates, May 1 and November 1 of each year, that sums are due for payment of interest, principal, and redemption premium, as applicable, on the respective Called Prior Bonds, the amounts required on such dates shall be transferred to a special (Escrow) Bond and Interest Payment Account and held in trust by the Escrow Agent and earmarked by the Escrow Agent for the payment of the respective amounts due on said respective Called Prior Bonds, and such funds shall, to the extent that, and so long as, such funds shall be in excess of the FDIC insured amount, be earmarked and secured by the Escrow Agent by a pledge of an equivalent amount of U. S. Obligations.

(c) Since (1) Chemical Bank, New York, New York, and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois (the "Alternate Series G Payee Banks") are co-paying agents, with the Escrow Bank on the Series G Bonds, and (2) Chemical Bank, New York, New York (the "Alternate Series H Payee Bank") is the co-paying agent on the Series H Bonds, the Escrow Agent agrees that it shall make available to such respective Alternate Payee Banks whatever amounts shall be necessary and in ample time to enable each Alternate Payee Bank to pay bonds and/or coupons of the Series G and H Bonds, respectively, which shall be presented to such respective Alternate Payee Banks for payments.

6. After the application by the Escrow Agent of sufficient funds to accomplish the refunding, redemption, and retirement of the Called Prior Bonds, any surplus remaining after May 1, 1993, and May 1, 1996, respectively, shall be transferred by the Escrow Agent to the University and shall be deposited into the Bond Fund and treated the same as all other amounts deposited therein, subject to the provisions of paragraph 9 hereof.

7. In the event of any violation of this Agreement which is not cured by the appropriate party within ten (10) days after written notice to cure such violation, the Escrow Agent agrees to send written notice of such violation to (a) the University; (b) the Finance and Administration Cabinet of the Commonwealth of Kentucky; (c) the original purchasers of the Prior Bonds; (d) the original purchasers of the Current Bonds; and (f) the Fiscal Agent with respect to the Current Bonds, viz., Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507.

8. Upon the sending of such Notice, the Escrow Agent may take any one or more of the following steps, and such Escrow Agent shall, at the request of the University, or any owner of the Called Prior Bonds and/or the Current Bonds, and upon the Escrow Agent being indemnified against any and all costs and expenses in connection therewith, take any and all of the following steps:

(a) Sell such deposited Investments, or so much thereof, as shall be deemed by the Escrow Agent to be necessary to prevent any of the Called Prior Bonds from being in default as to principal redemption premium, and/or interest, and to assure the availability of sufficient funds to meet the requirements of paragraph 2 hereof; such sale to be at a public or private sale, and in such commercially feasible manner as shall, to the Escrow Agent, be deemed appropriate. Any such sale shall be free of any and all rights, interests, and equities of the University; provided such rights, interest and equities, if any, shall attach to the net proceeds of the sale, if any, after satisfying all principal and interest requirements of the Called Prior Bonds.

(b) In the event of a sale of such Investments, the Escrow Agent shall apply the proceeds as follows:

(1) to the payment of the expenses of the sale, including any necessary legal fees;

(2) to the payment of the principal, premium, and interest requirements of the Called Prior Bonds;

(3) the balance, if any, to be paid to the University for credit to the Bond Fund; provided, however, that if the net proceeds shall be insufficient to pay the aforesaid expenses, plus the principal and interest requirements of the Called Prior Bonds, the Escrow Agent shall, upon similarly being indemnified, take all necessary action deemed advisable to accomplish such payment, including a request to the University to provide the deficiency.

In the event of any such sale of the Investments, the Escrow Agent shall immediately re-invest the net proceeds (after expenses) in other pledged securities meeting the requirements of paragraph 2 hereof, which pledged securities shall be similarly held for the account of said Escrow Fund.

9. The parties hereto agree that all of the foregoing provisions are binding on each of the parties until and including May 1, 1996, the final redemption date of the Called Prior (Series I) Bonds, provided the duties of the Escrow Agent as Escrow Agent and as Trustee and Payee Bank of the Called Prior Bonds shall continue beyond May 1, 1996, with regard to any amount then held by the Escrow Agent with reference to the Called Prior Bonds (and coupons) which have not yet been presented for payment (and/or checks which have not yet been cashed) which have matured and/or which will then have been duly called for redemption prior to maturity, such duties to continue until such amounts are required by State Law to be escheated to the State or by the provisions of the Prior Resolution or the Current Resolution, to be transferred to the University.

10. In the event of the failure by the Escrow Agent to perform any functions required herein, after seven days' written notice to perform, the University shall have the right to (a) designate a successor escrow agent to replace the Escrow Agent named herein, which successor must be an FDIC Bank; or (b) take direct action, when appropriate to carry out the duties and functions of the Escrow Agent herein.

11. The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and believed by it to have been signed or presented by the appropriate party or parties (including without limitation, with respect to any corporation, any instrument purporting to have been signed on its behalf by its president, any of its vice-presidents, its treasurer or its secretary). The Escrow Agent shall not be liable for any action (or any refraining from action) taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it in this Agreement. The Escrow Agent may consult with counsel of its choice and shall be fully protected in acting or refraining to act in good faith and in accordance with the opinion of such counsel.

12. The Escrow Agent shall not be liable for any act done or step taken or omitted by it, or for any mistake of fact or law, or for anything which it may do or refrain from doing, except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall be responsible only for amounts or investments actually received by the Escrow Agent and shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Prior Bonds, or in the Current Bonds, or in any proceedings taken in connection therewith, but the same are made solely by the University. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds or otherwise to incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

13. This Agreement is made for the benefit of the University and the owners from time to time of the Called Prior Bonds and it shall not be repealed, revoked, altered, or amended, regardless of whether the consent of the parties hereto shall be given, other than for the purpose of subjecting to this Agreement additional funds, securities, or properties. The Escrow Agent shall be entitled to rely exclusively on an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change affects the rights of the holders of the Called Prior Bonds and/or is in compliance with the conditions and provisions of this Section.

14. If at any time there shall be insufficient funds on hand in the Escrow Fund for the payment of principal of and interest on the Called Prior Bonds, the Escrow Agent shall promptly notify the University of such deficiency, and the University shall immediately supply such deficiency from funds of the University available therefor.

15. The Escrow Agent shall on or before the 1st day of September of each year, deliver to the University a report of the financial condition of the Escrow Fund as of June 30 of such year and an operating statement for the Escrow Fund for the year ending June 30 of such year.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the date first above written, the parties executing same each certifying that he had the authority to execute same on behalf of the party for whom he executes this Agreement. This Agreement may be simultaneously executed in several counterparts, all of which constitute one and the same instrument and each of which shall be, and shall be deemed to be, and original.

FIRST SECURITY NATIONAL BANK &
TRUST COMPANY
Lexington, Kentucky

By _____
Signature

_____
Title

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By _____
Chairman

By _____

Office of the President
June 25, 1986

FCR 14

Members, Board of Trustees:

A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G, (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES

Recommendation: that the Board of Trustees approve a Resolution authorizing the President of the University to fix the date and hour of the sale of the Bonds referred to in the title of the Resolution set out above, to arrange for publication of the Notice of Sale of Bonds with respect thereto, and to take certain other action in connection therewith. This Resolution is a companion Resolution to the Resolution also to be approved specifically authorizing the issuance and sale of the Bonds. The purpose of the Resolution is to grant to the President the authority to fix the date and hour of the sale and the time of publishing same so that action can be taken expeditiously when market conditions warrant, without the necessity of further action by the full Board or the Executive Committee.

Background: These are Advance Refunding Bonds for the purpose of effecting a substantial savings in the net interest cost of the Bonds which bear interest at rates ranging from 7.25% to 9.30% per annum. The Bonds will be advertised for sale only if it is concluded immediately prior to such advertisement that market conditions are favorable to the issuance of such Bonds and to the goal of achieving a substantial interest cost savings to the Board and to the University.

Action: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES.

WHEREAS, the Board of Trustees of the University of Kentucky has on this date adopted a Resolution entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY OF KENTUCKY CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES G (SECOND SERIES), SERIES H (SECOND SERIES), AND SERIES I (SECOND SERIES), DATED AUGUST 1, 1986.

WHEREAS, such Resolution provides for the issuance of $31,525,000 of such Refunding Bonds, maturing on May 1 of each of the years 1987 through 2006, with provision that the amount of the Bonds may be revised and that the maturities thereof may also be changed within certain parameters specified in such Resolution, and

WHEREAS, the timing of the sale of Refunding Bonds is frequently critical to the success of the issue, and maximum flexibility is needed to enable the University to have the opportunity to proceed immediately whenever the market would be considered by the University, with the advice of its Fiscal Agent, to be favorable for such an offering of bonds, and

WHEREAS, it is therefore deemed appropriate for the Board to authorize the President of the University to take certain steps, when he deems it in the best interest of the University, to proceed with the sale of the Bonds at what he concludes is the most advantageous time, and under the most advantageous conditions, as herein set out, and

WHEREAS, since an advance refunding necessarily carries with it the need to invest the proceeds of the refunding bonds until the date of redemption of the bonds being refunded, the precise amount of the refunding bonds can not be determined until the time of the sale, when the interest rates are determined, and

WHEREAS, since (1) the investment of a certain amount at a certain interest rate will provide sufficient funds to pay a larger amount than would the investment of such amount at a lower rate of interest, and conversely, (2) the investment of a certain amount at a certain interest rate will provide sufficient funds to pay a lesser amount than would the investment of such amount at a higher rate of interest; and thus, ironically, (a) the higher the interest rate on the Refunding Bonds, (b) the lower the amount of Refunding Bonds necessary to accomplish the refunding, and (i) the lower the interest rate on the Refunding Bonds, (ii) the higher the amount of Refunding Bonds necessary to accomplish such refunding,

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

1. That the President of the University is hereby authorized to take the following steps with respect to the proposed sale of University of Kentucky Consolidated Educational Buildings Refunding Revenue Bonds, Series G (Second Series), Series H (Second Series), and Series I (Second Series), dated August 1, 1986:

(a) To fix the date and hour for the receipt of bids, and the date and hour of a meeting of the Executive Committee of the Board to be held at a later hour on the same day for the purpose of accepting the successful bid or of rejecting all bids;

(b) To authorize the publication of the Notice of Sale of Bonds, setting out such date and such hours;

(c) To change (1) the tentative estimated amount of such Refunding Bonds to be initially offered for sale, (2) the tentatively estimated amounts of maturities of such Bonds for each of the years, 1987 through 2006, and/or (3) the date of such Bonds and all other dates pertaining to the Bonds, to the extent that any such changes shall be deemed appropriate and consistent, including the redemption date; and

(d) To approve the form of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form, and Preliminary Official Statement, to whatever extent is deemed appropriate in order to carry out any of the foregoing, and in order to provide the most favorable conditions for the sale of such Refunding Bonds.

2. That all of such action is authorized to be taken by the President, with the provision that no bid for the purchase of such Bonds can be accepted without specific formal action by the Executive Committee of this Board, acting pursuant to recommendations of the Finance Committee of this Board.

Adopted June 25, 1986.

_____
Chairman, Board of Trustees
University of Kentucky

_____
Secretary, Board of Trustees

(Seal)

CERTIFICATION

I, GEORGE W. GRIFFIN, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certify that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on June 25, 1986, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 68.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of said Board this June __, 1986.

_____
Board of Trustees of
University of Kentucky

Office of the President
June 25, 1986

FCR 15

Members, Board of Trustees:

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

Recommendation: that the Board of Trustees approve a Resolution authorizing the issuance of $7,805,000 (which amount may be changed) University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986.

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

The Notice of Sale of Bonds, prepared by Bond Counsel, leaves blank at this time the date for receipt of bids, such bids to be opened by the Treasurer, and to be considered by the Finance Committee of the Board, and a recommendation to be submitted by the Finance Committee to the full Board or the Executive Committee of the Board at a meeting to be determined.

Background: $7,800,000 Community Colleges Educational Buildings Revenue Bonds, Series D, dated December 1, 1982, were issued and delivered on December 31, 1982, and there are presently $7,565,000 of Bonds outstanding, bearing interest at rates ranging from 8% per annum to 10.20% per annum, scheduled to mature on May 1, 1987 through 2008; and it is believed that such Bonds may be advantageously advance refunded, either through the advance refunding and redemption on May 1, 1993, of the Bonds scheduled to mature on May 1, 1995 and thereafter, subject to adjustment, and/or through the advance refunding and defeasance of part or all of the remaining Series D Bonds scheduled to mature prior to May 1, 1995. The refunding will be accomplished only if the interest rates bid at the time of the sale will achieve a substantial interest cost savings to the Board and to the University.

Action: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

RESOLUTION AUTHORIZING THE ISSUANCE

OF

UNIVERSITY OF KENTUCKY

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

DATED AUGUST 1, 1986

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

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

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

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

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

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

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

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

WHEREAS, because of favorable interest rates currently available in the marketplace, the Board has determined that the Series D Bonds scheduled to mature May 1, 1995 and thereafter, which are subject to prior redemption on or after May 1, 1993, be advance refunded and called for redemption on May 1, 1993, which is the earliest feasible date permitted by the Series D Resolution, and that the Board authorize the issuance and sale of $7,805,000 (which amount is subject to adjustment as hereinafter provided) of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986, for the purpose of providing funds to effect such advance refunding and redemption; provided the Board also desires to reserve the right to advance refund and defease part or all of the remaining Series D Bonds scheduled to mature prior to May 1, 1995,

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

ARTICLE I - Authority and Definitions.

Section 1.01. Authority.

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

Section 1.02. Definitions.

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

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

"ALL BONDS" refers to all bonds outstanding against and payable from the revenues of the Project, including (a) the Series A, B, C, D, and E Bonds (except that portion of the Series D Bonds being defeased and scheduled to be called for redemption prior to maturity, as herein provided), (b) the Current Bonds, and (c) any future bonds ranking on a parity therewith.

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

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

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

"BOND COUNSEL" refers to a nationally recognized firm of Bond Counsel, including the firm of Rubin & Hays, Municipal Bond Attorneys, Suite 300, 209 South Fifth Street, Louisville, Kentucky, which firm has prepared the legal proceedings for the issuance of the Current Bonds, has furnished all the customary services of Bond Counsel in this financing, and will continue to furnish such services until the Current Bonds are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Current Bonds and the tax exemption of the interest thereon. A separate legal opinion will be rendered by the law firm of Haynes & Miller, Washington, D. C., Special Tax Counsel, and relied upon entirely by Bond Counsel (a) that the Current Bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and (b) as to the effect of pending Federal tax legislation.

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

"CALLED PRIOR BONDS" or "CALLED SERIES D BONDS" refers to the Series D Bonds falling due on and after May 1, 1995, which are scheduled to be redeemed on May 1, 1993, and such term does not include the ("Noncalled") Series D Bonds scheduled to mature on and prior to May 1, 1994.

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

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

"CURRENT BONDS" refers to the $9,145,000 (which amount is subject to adjustment) of Bonds authorized herein, bearing the designation "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986".

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

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

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

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

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

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

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

"NONCALLED PRIOR BONDS" or "NONCALLED SERIES D BONDS" refers to the Series D Bonds scheduled to mature on and before May 1, 1994, and which will not be redeemed prior to maturity, although the Board may, at the time of sale of the Current Bonds, determine to advance refund part or all of such "Noncalled Prior Bonds", if such action would produce a greater interest cost savings to the Board.

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

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

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

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

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

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

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

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

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

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

Pursuant to the provisions of the Basic Resolution, and for the purpose of accomplishing the refinancing, refunding, and redemption set out in the recitals hereof, which recitals are hereby adopted, consisting of the refinancing, refunding, and redemption of the "Called Prior Bonds" (the Prior Bonds scheduled to mature on and after May 1, 1995), there are hereby authorized to be presently issued and sold the University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986 (the "Current Bonds" or the "Bonds"), in the aggregate principal amount of Seven Million, Eight Hundred Five Thousand Dollars ($7,805,000), dated and bearing interest from August 1, 1986, which amount may be adjusted by approximately 15%.

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

basis, the adjustment required for the entire issue will be nearly equal to the adjustment made within each maturity, and that the total adjustment required will not exceed approximately 15% of the stated amount, except that if, at the time of the sale, a determination is made that part or all of the "Noncalled Prior Bonds" will also be advance refunded, the adjustment made within the maturities of the Current Bonds within the years 1987 through 1994 may be as much as 30%.

The Current Bonds shall mature serially on May 1 of the respective years as set out below, and shall bear interest payable semiannually on the first days of May and November of each year, beginning November 1, 1986 (initial period representing three months' interest), at an interest rate or rates to be fixed by supplemental Resolution of the Board as a result of the advertised sale of the Current Bonds.

Section 2.02. Purpose.

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

Section 2.03. Date of the Current Bonds.

Except as set out in Section 2.06 hereof, the Current Bonds shall be dated August 1, 1986, and shall bear interest payable semiannually on each Interest Payment Date (May 1 and November 1 of each year), commencing November 1, 1986.

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

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

Section 2.05. Numbering and Maturities.

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

MATURITY DATE MAY 1	PRINCIPAL MATURITIES*
1987	$ 85,000
1988	55,000
1989	60,000
1990	60,000
1991	65,000
1992	70,000
1993	75,000
1994	80,000
1995	285,000
1996	295,000
1997	310,000
1998	335,000
1999	360,000
2000	395,000
2001	425,000
2002	455,000
2003	490,000
2004	540,000
2005	740,000
2006	810,000
2007	875,000
2008	940,000

*Subject to change

Section 2.06. Interest Payment Dates.

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

Section 2.07. Registered Owners.

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

Section 2.08. Payee Bank and Payment of Bonds.

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

Regular Record Date preceding each applicable Interest Payment Date, at the respective addresses appearing on the Bond Register.

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

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

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

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

Arrangements shall be made for the printing of sufficient Bond Certificates to enable the Trustee-Registrar to maintain an adequate reserve supply of such Bond Certificates as same are sold, exchanged, and/or otherwise surrendered in the future. Notwithstanding anything contained herein, the Trustee shall have the right to order the preparation or printing of additional Bond Certificates which, in the sole discretion of the Trustee-Registrar, shall be necessary to maintain adequate reserves of such Bond Certificates to properly effect the continuing transfers of ownership of Bond Certificates. No further action regarding the authorization of additional Bond Certificates shall be required by the Board, and the expenses incidental thereto shall be borne by the Board as an additional annual requirement of the Current Bonds, the same as interest thereon.

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

Pending the preparation of the definitive Bonds, the Board, through its Chairman and Secretary, may execute and, upon the Board's request, the

Trustee-Registrar shall authenticate and deliver one or more temporary (or Master) Bond(s) which are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, in fully registered form without coupons, and with such appropriate insertions, omissions, substitutions, and other appropriate and necessary variations as the officers of the Board executing such temporary Bond(s) may determine, as evidenced by their signing such temporary Bond(s).

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

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

shall constitute an original contractual obligation of the Board and shall be entitled to the benefit and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

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

Section 2.10. Provisions as to Prior Redemption.

(a) Redemption Prior to Maturity.

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

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

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

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

(c) Notice of Redemption.

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

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

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

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

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

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

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

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

For the protection of the holders and owners of the Bonds secured by the Basic Resolution and this Current Resolution, a statutory mortgage lien upon the Project and properties connected therewith and belonging thereto, on a parity with All Bonds, is granted and created by and pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes, which said statutory mortgage lien is hereby recognized and declared to be valid and binding as provided by law, and shall take effect immediately upon the delivery of any and all of the Current Bonds, except that (a) said lien is subject to the prior pledge of revenues of one Community College made prior to such College being made a part of the Community Colleges Project, and (b) such lien does not apply to Community Colleges educational buildings and appurtenances which may be leased rather than owned by the University.

All of the Current Bonds are payable only from the Gross Revenues derived from the operation of the Project, subject to the same exceptions as are applicable to said statutory mortgage lien, and the Current Bonds shall not and do not constitute an indebtedness of the University of Kentucky or of its Board of Trustees or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

Section 2.13. Authentication of Bonds.

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

Section 2.14. Form of Bonds.

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

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

NUMBER R-_____ PRINCIPAL AMOUNT:
(DOLLARS)

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

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

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

*If, at the time of the sale of the Current Bonds, it is determined that part or all of the Noncalled Prior Bonds (not scheduled to be redeemed in advance of maturity) will also be advance refunded, this sentence will be changed to refer to amounts sufficient to pay "all principal and interest requirements of all of the Prior Bonds other than those Prior Bonds scheduled to be redeemed in advance of maturity" or other appropriate wording.

The Prior Bonds were issued pursuant to said Statutes for the purpose of financing the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings and necessary appurtenances (the Series D Project), upon properties of the University in Maysville, Louisville, Elizabethtown, and Cumberland, Kentucky, the buildings of which Series D Project have been completed and now constitute part of the Community Colleges Educational Buildings Project of the University (hereinafter referred to as the "Project"). Copies of the Basic Resolution, the Series D Resolution, and the Current Bond Resolution are on file at the office of the Trustee. Reference is hereby made to said various resolutions pursuant to which (a) the Commerce National Bank, in the City of Lexington, Kentucky, has been designated as Trustee, and now as Bond Registrar, Payee Bank, and Transfer Agent, respectively for the holders and owners of the various bonds against the Project, including the Current Bonds, except that as to the Series E Bonds, a different bank was designated as Bond Registrar, Payee Bank, and Transfer Agent; (b) for the provisions, among others, with respect to the custody and application of the proceeds of the Current Bonds; (c) the rights, duties, and obligations of the Board and of the Trustee, and (d) the rights of the owners of these Current Bonds; and by the acceptance of this Bond, the registered owner hereof assents to all of the provisions of said resolutions.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the main office of the Trustee-Registrar, but only in the manner, subject to the limitations provided in the Current Bond Resolution, and upon surrender and cancellation of this Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Upon such transfer being

effected, a new fully registered Bond or Bonds of the same series and the same maturity, of authorized denomination, for the same aggregate principal amount, and the same interest rate, will be issued to the transferee in exchange therefor.

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

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

*This wording may be changed consistent with the earlier footnote in this Bond Form

deposit to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project sufficient to pay interest on All Bonds as the same become due, to pay or retire the principal of All Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, which Bond Fund is pledged to and charged with the payment of said principal and interest.

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

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

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

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

The Board covenants that it will invest the net proceeds of these Current Bonds, together with any other funds made available for the same purpose, and will account for and apply the principal and interest earned thereof to the payment of the principal of and interest on that part of the Series D Bonds as are scheduled to be redeemed in advance of maturity, according to their terms, thereby defeasing (terminating) the pledge of the revenues of the Project securing that part of the Series D Bonds, in accordance with arrangements heretofore made by the Board, and that the Board will fix and charge such rates and will account for the income and revenues from the Project, sufficient, in the aggregate, to pay promptly the interest on and principal of All Bonds, including the Current Bonds, as and when such interest and principal become due and payable, from the Bond Fund, and to pay the costs of operation, maintenance, and insurance of the Project.

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

All Bonds as may be outstanding from time to time are payable only from a fixed amount of the gross Revenues derived from the operation of the Project subject to the same exceptions as are applicable to said statutory mortgage lien, which necessary fixed amount will be annually set aside into the Bond Fund, and this Bond does not constitute and indebtedness of the University of Kentucky or its Board or the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

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

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

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

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

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By _____
(Facsimile Signature)
Chairman, Board of Trustees

Attest:

_____
(Facsimile Signature)
Secretary, Board of Trustees

(Facsimile Seal of Board of Trustees)

THE AUTHENTICATION DATE OF THIS BOND IS: _____

(FORM OF AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR)

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

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

COMMERCE NATIONAL BANK
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____

the within Bond and hereby irrevocably constitutes and appoints _____

_____

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

Dated: _____

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

Signature Guaranteed:

Social Security or other identifying number of Assignee: _____

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

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

Section 3.01. Advertisement of Current Bonds for Sale.

The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Board shall designate by duly adopted Motion or Resolution.

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

A suggested form of Notice of Sale of Bonds, a suggested form of Official Terms and Conditions of Sale of Bonds, and a suggested form of Official Bid Form having been prepared by Bond Counsel, in cooperation with the Fiscal Agent, and same, together with a suggested form of Preliminary Official Statement, having been examined by this Board, same are hereby approved for such purposes, and a copy of each is hereby ordered to be attached to this Resolution and to the minutes of the meeting at which this Resolution is adopted. The Notice of Sale of Bonds shall be signed by the Treasurer of the University and may be used for the purpose of publishing notice of the sale of

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

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

Upon the date and at the respective hour set forth for the opening and consideration of purchase bids, as provided in the instruments hereinabove approved, the sealed bids therefore received by the Treasurer (in the office of the President) shall be publicly opened and publicly read by the Treasurer and later delivered to the Board and again publicly read by the presiding officer of the Board. If there shall be one or more bids which conform in all respects to the prescribed terms and conditions, such bid shall be compared, and the

Board agrees that if a bid is accepted, it will accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds.

As set out in a separate Resolution of the Board, currently adopted, the President of the University shall be authorized, upon the advice of the Fiscal Agent, with the approval of the Treasurer of the University, to fix the date and hour of the receipt of bids for the purchase of the Current Bonds and the date of publication of the Notice of Sale of Bonds.

It is hereby determined that the successful bid for the purchase of the Current Bonds may be accepted by the Executive Committee of the Board of Trustees based upon the advice of the Board's Fiscal Agent, Dupree & Company, Inc., with the approval of the Treasurer of the University, and upon the recommendation of the Finance Committee of the Board, with the making of a determination by the Executive Committee that such acceptance will effect a substantial savings to the University in interest costs on the Prior Bonds.

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

The Board may accept the successful bid on the basis of awarding to the successful bidder an amount of up to approximately fifteen percent more or up to approximately fifteen percent less than the $7,805,000 of Bonds herein authorized, if it appears that otherwise there would be an underissuance or overissuance of the amount of the Current Bonds needed to accomplish the purpose of the proposed refinancing, refunding, and redemption. The purchase price of such adjusted amount shall be the same price per $1,000 of Bonds as the price bid by the successful bidder for the purchase of the advertised amount of the Current Bonds.

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

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

It is hereby determined that in the refunding, refinancing, and provision for redemption of the Prior Bonds, as set out in the ensuing Section of this Resolution, it is in the best interest of the Board and the University that same be accomplished to the best advantage and in the public interest by the issuance of the Current Bonds in a larger principal amount than the principal amount of the outstanding Called Series D Bonds, at a rate or rates of interest lower than the rates now applicable to the Called Prior Bonds, and through the payment of a redemption premium of three percent on May 1, 1993 with respect to the Series D Bonds scheduled to mature on May 1, 1995 and thereafter, and through the payment of the interest as same becomes due until and including the redemption date, on all of such Called Series D Bonds being redeemed prior to maturity, subject to adjustment as to date, and maturities to be redeemed, and with the aforesaid reservation of right to advance refund part or all of the Noncalled Series D Bonds, in order that the maturity schedule may be restructured for the benefit for the Board and the University and in order to effect substantial interest savings through the anticipated lower interest rates and the restructuring of the maturities.

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

Section 3.04. Compliance With Parity Requirements of Resolution.

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

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

(b) That prior to the issuance of the Current Bonds, there will have been procured and filed with the Trustee a statement by the Treasurer of the Board to the effect that the average of the annual Revenues from the Project for the two Fiscal Years immediately preceding the issuance of the Current Bonds, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges in any succeeding twelve month period ending May 1 on the Outstanding Bonds (excluding the "Called Series D Bonds" which will have been defeased by the issuance of the Current Bonds) and the Current Bonds proposed to be issued. For the purposes of such computation, such certification of the Treasurer shall make an adjustment in the amount of the annual Revenues to reflect any increases or decreases in the pledged Revenues (the student registration fees) which at that time shall have been determined by the Board and made effective for future services of the Project; and such certification shall also state that the issuance of the Current Bonds shall not reduce the above-prescribed "coverage" "to less than 1.25 times the maximum Principal, Interest and Bond Fund Charges", as provided in said Section 7.10.

Accordingly, based on the foregoing compliance with the requirements of the Basic Resolution, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with the outstanding Series A, B, C, D, and E Bonds, except for the "Called Series D Bonds" (and any of the Noncalled Series D Bonds which may be defeased) on a first lien basis from the gross revenues of the Project and further secured by a first statutory mortgage lien

on the Project buildings, subject only to the exception referred to in Section 2.12 of this Current Bond Resolution.

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

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

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

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

(3) It is further determined by the Board that in calculating the amount of the required annual payments to be made by the Board into the Bond Fund to meet the principal and interest requirements of All (Outstanding) Bonds, the Board shall (whenever and so long as the Required Current Debt Service Reserve Accumulation or the Required Debt Service Reserve has been accumulated and is being maintained), take credit for the investment income derived from the investment of funds in the Bond Fund, including funds in the Debt Service Reserve; provided, further, however, that the Board, in compliance with the arbitrage requirements of the Internal Revenue Code, represents that amounts on deposit in the Bond Fund will be used within thirteen (13) months from the date of deposit for the payment of principal of and interest on the Outstanding Bonds; and the Bond Fund will annually be depleted through such application, for current debt service requirements of the Outstanding Bonds, except for an amount equal to not more than the greater of (a) one-twelfth

(1/12) of the debt service requirements of the Outstanding Bonds for the then ensuing year, or (b) one year's earnings on the Bond Fund.

Section 3.06. Adjustments in the Debt Service Reserve.

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

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

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

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

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

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

There shall be deposited from the proceeds from the sale of the Current Bonds, and from any other available source, in a certain special Escrow Fund and Account hereby created and established, to be deposited with the Escrow Bank, which Escrow Fund shall be designated as and shall be known as the "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D Escrow Fund of 1986" (the "Escrow Fund"), an amount sufficient (1) to pay all interest requirements of the "Called Prior Bonds" as same become due; and (2) to redeem on the designated redemption date, all of the "Called Prior Bonds" scheduled to be redeemed on such date. It is initially contemplated that the Series D Bonds maturing May 1, 1995 and thereafter will be called for prior redemption on May 1, 1993; provided that (a) at the time of the sale of the Current Bonds, such dates may be adjusted in the resolution accepting the successful bid for the purchase of the Current Bonds, to whatever extent deemed advisable by the Board to achieve the maximum savings to the Board, and (b) as set out herein, the Board may determine at the time of the sale of the Current Bonds, that part or all of the Noncalled Prior

Bonds will also be advance refunded and defeased through deposit of additional amounts in the Escrow Fund to effect such advance refunding and defeasement.

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

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

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

If and to the extent that the amount on deposit in the Escrow Fund shall be in excess of the amount required, such amount shall be immediately transferred to the Debt Service Reserve; provided, further, that after the final redemption date of the Called Prior Bonds, any amount in excess of the amount required for that purpose, including requirements for the retirement and/or redemption of the Called Prior Bonds (together with any of the Noncalled Prior Bonds, if any, scheduled to be retired with funds in the Escrow Fund) and/or coupons (1) matured and/or called but not yet presented for payment, and/or (2) uncashed checks with respect thereto, such excess amount shall be transferred immediately to the Bond Fund and treated the same as all other amounts deposited therein.

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

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

Amounts on deposit in the Escrow Fund shall be earmarked, pledged, and held in trust for credit to the account of the Escrow Fund created in the Escrow Agreement and shall be applied in accordance therewith. Such amounts on deposit in the Escrow Fund shall be earmarked and held for the purpose of

meeting the principal, interest, and redemption premium requirements of the Called Prior Bonds as same shall be called for redemption; and, to the extent necessary, investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the owners of the Called Prior Bonds (and coupons) scheduled for redemption on the designated date.

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

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

All of the foregoing provisions shall be adjusted to provide for the requirements of the Noncalled Prior Bonds if, as aforesaid, a determination shall be made also to advance refund and defease part or all of the Noncalled Prior Bonds.

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

Unless, except, and to the possible extent needed to assure the full funding of the Escrow Fund to assure the accomplishment of the purposes of the Escrow Fund, the amount received as that portion of the purchase price of the Current Bonds representing collected accrued interest from the date of the Current Bonds (August 1, 1986) to the date of delivery thereof, shall be deposited into the Bond Fund.

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

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

(e) Cost of Issuance Account.

From the aggregate proceeds of the sale of the Bonds, the amount of $35,000 shall be deposited in an account on deposit with the Trustee, which account is hereby created to be known as the "University of Kentucky Community Colleges Series D Refunding Bonds Cost of Issuance Account", to be held and disbursed upon written authorization of the Board. The Trustee shall apply funds in such account for the purpose of meeting issuance expenses, including printing, fiscal agent fee, legal fees and expenses, costs of audits and verifications, rating agency fees, and other necessary costs (to the extent not payable by the Fiscal Agent) of preparing, issuing, advertising, and selling

the Bonds. After payment in full of such issuance expenses, based upon the certification of the Board, through its Treasurer, all amounts remaining in such Account shall be transferred to and deposited in the Bond Fund and applied toward the payment of interest requirements on the Bonds on November 1, 1986.

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

Authority is hereby given by the Board to Mr. David L. Miller, Mr. C. Willis Ritter, and/or Ms. Diane Hill of Haynes & Miller, Suite 401, 1156 Fifteenth Street N.W., Washington, D. C. 20005, Mr. Joseph R. Rubin of Rubin & Hays, Suite 300, 209 South Fifth Street, Louisville, Kentucky 40202, Mr. Fred Dupree, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, and to any one of them, to act on behalf of the Board in signing upon the behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes, or Bonds - State and Local Government Series, and/or for the purchase of other Permitted Investments, to be issued to the Commerce National Bank, Lexington, Kentucky, as Escrow Agent, in connection with the application of the proceeds of the Current Bonds (supplemented by other funds). The Chairman, the Secretary, and/or the Treasurer of the Board is authorized to sign and send a letter to the Securities Division, Federal Reserve Bank, Louisville, Kentucky, or any branch of the Federal Reserve Bank, and/or FDIC Banks, certifying as to the authority of such individuals.

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

Provision having thus been made for all of the requirements of the Called Prior Bonds through the orderly payment, redemption, and retirement of the Called Prior Bonds as set out herein through escrow of the net proceeds of the Current Bonds and other funds, it is hereby recognized and acknowledged that as of the date of delivery of the Current Bonds, provision will have been

made for the performance of all covenants and agreements of the Board incident to the issuance of the Called Prior Bonds, and that accordingly, and in compliance with all that has heretofore provided, the Board will have no further obligation with reference to the Called Prior Bonds, except to assure that the Called Prior Bonds are paid from the funds so escrowed in accordance with the provisions of such escrow arrangement; provided (a) the Board's obligation with respect to the Noncalled Prior Bonds (which will not be called prior to maturity) shall continue unchanged, and (b) all of the foregoing shall also apply to the Noncalled Prior Bonds if same are also to be advance refunded and defeased (in whole or in part).

Section 3.10. Federal Limitations on Investment of Funds.

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

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

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

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

ARTICLE IV - Miscellaneous Concluding Provisions.

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

The Board hereby readopts, ratifies and confirms all previous Resolutions relating to the Project, including the Basic Resolution adopted on May 6, 1969, the Supplemental (clarifying) Resolution adopted on May 25, 1970, and each of the various Series Resolutions, A, B, C, D, and E, except that it is acknowledged that the provisions of the Series D Resolution as to the Called Series D Bonds (but not as to the non-called Series D Bonds) will be deemed to have been defeased simultaneously with the issuance of the Current Bonds.

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

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

(a) Duties as Bond Registrar and Transfer Agent.

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

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

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

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

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

(b) Duties as Payee Bank.

Its duties as Payee Bank shall be as follows:

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

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

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

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

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

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

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

(c) Duties of Depository Bank.

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

(d) Appointment and Duties of Escrow Agent.

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

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

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

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

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

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

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

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

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

The Board acknowledges that prior to the time that this Resolution is adopted (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), was passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") was issued by the Chairman and Ranking Members of both the Ways and Means Committee of the U. S. House of Representatives and the Finance Committee of the U. S. Senate, together with the Secretary of the U. S. Treasury Department dated March 14, 1986, and (c) it is not known at present whether such Tax Law will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any, will be included in such law.

In order to assure purchasers of the Current Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation, except that income from these Current Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such companies (and may constitute an item of tax-preference in the income of all corporations if the version of such Law approved by the Senate Finance Committee is enacted), the Board covenants to and with the owners of such Current Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, and (3) none of the proceeds of the Current

Bonds will be used for any purpose which would cause the interest on the Current Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if enacted and signed into law in the form as same exists at the time of issuance of the Current Bonds, if such Tax Law as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement.

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

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

Section 4.05. Resolution Contractual With Bondowners.

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

Section 4.06. Specific Reservation of Right to Advance Refund and Defease All or Any Part of Noncalled Prior Bonds.

The Board hereby specifically reserves the right on the date of acceptance of the successful bid for the purchase of the Current Bonds to determine (a) whether to provide for the advance refunding and defeasement of the Called Prior Bonds only, (b) precisely which of the "callable" Prior Bonds shall in fact be called for redemption in advance of maturity and on what redemption date, (c) whether any, and if so, which, of the Noncalled Prior Bonds shall also be advance refunded and defeased as part of the refinancing financed by the Current Bonds, and (d) precisely what, if any, transfers shall be made from the Bond Fund and/or the Debt Service Reserve portion thereof to the Escrow Fund, and how much, if any amount, shall be transferred from the proceeds of the Current Bonds into the Bond Fund and/or the Debt Service Reserve portion thereof, all with the intent of (1) achieving the maximum savings to the Board and the University, and (2) not adversely affecting the exemption of interest on the Current Bonds from Federal and State income taxation.

Section 4.07. Provisions in Conflict are Repealed.

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

Section 4.08. Copy to be Filed with Trustee.

A certified copy of this Current Resolution shall be filed with the Trustee, and this Current Bond Resolution shall take effect immediately upon

its adoption and the filing of the certified copy thereof with the Trustee, as provided in the Basic Resolution.

Adopted June 25, 1986.

Chairman, Board of Trustees
University of Kentucky

Secretary, Board of Trustees

(Seal)

CERTIFICATION

I, GEORGE W. GRIFFIN, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certify that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on June 25, 1986, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and in in full force and effect at this date.

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

Board of Trustees of
University of Kentucky

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

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

Dated this _____, 1986.

COMMERCE NATIONAL BANK
Lexington, Kentucky

By_____

Title_____

(Seal of Bank)

EXHIBIT A

MASTER BOND

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

No. MB-1 Principal Amount $_____

KNOW ALL MEN BY THESE PRESENTS:

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

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

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

Maturity May 1	Principal Maturing May 1	Interest Rates	Maturity May 1	Principal Maturing May 1	Interest Rates
1987			2002		
1988			2003		
1989			2004		
1990			2005		
1991			2006		
1992			2007		
1993			2008		
1994			2009		
1995			2010		
1996			2011		
1997			2012		
1998			2013		
1999			2014		
2000			2015		
2001			2016		

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

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

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

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

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

(Seal of Board)

_____
Chairman, Board of Trustees

Attest:

_____
Secretary, Board of Trustees

THE AUTHENTICATION DATE OF THIS BOND IS _____.

AUTHENTICATION CERTIFICATE OF TRUSTEE-REGISTRAR

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

COMMERCE NATIONAL BANK
Lexington, Kentucky
Trustee and Bond Registrar

By _____
Authorized Officer

ENDORSEMENT OF REGISTERED OWNER(S)

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

Dated this _____, 1986.

_____

By _____
Authorized Signature

ESCROW AGREEMENT

UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES)

This ESCROW AGREEMENT, dated as of August _____, 1986, by and between the UNIVERSITY OF KENTUCKY, a body corporate, as an educational institution and agency and a political subdivision of the Commonwealth of Kentucky, Lexington, Kentucky 40506, acting pursuant to the provisions of Sections 162.340 to 162.380, 164.595, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, party of the first part (the "University"), and COMMERCE NATIONAL BANK, a national banking association, 301 East Main Street, Lexington, Kentucky 40507, having trust powers and a member of the Federal Deposit Insurance Corporation, party of the second part (the "Escrow Agent"),

W I T N E S S E T H :

That in consideration of the mutual covenants of the parties hereto, it is agreed as follows:

1. The Escrow Agent will hold a special account, designated as the "University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D Escrow Fund of 1986" (the "Escrow Fund"), created in Section 3.07(a) of the Bond Resolution adopted by the Board of Trustees of the University (the "Board") on June 25, 1986, authorizing the issuance and sale of $_____ which amount has been adjusted to $_____ of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986 (the "Current Bonds"), by a Resolution adopted by the Executive Committee of the Board on _____, 1986, accepting the successful bid for the purchase of said Current Bonds.

2. The Escrow Agent will accept investments for deposit in the Escrow Fund (all investments in the Escrow Fund being hereinafter sometimes referred to as the "Investments") in direct obligations of the United States Government (hereinafter collectively referred to as the "U. S. Obligations") and/or evidence of such Investments (through so-called Federal "bookkeeping entries"), all of which Investments shall be scheduled to mature and be available at such times and in such amounts as are adequate and necessary, together with any uninvested cash, as set out in Exhibit A attached hereto, to provide sufficient funds in ample time to meet the following requirements:

(a) to pay all interest requirements of all of the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds (Series D), dated December 1, 1982 (the "Prior Bonds") scheduled to be redeemed in advance of maturity, viz., the Prior Bonds scheduled to mature on and after May 1, 1995 (the "Called Prior Bonds"); and

(b) to redeem on May 1, 1993, through payment of the principal, redemption premium, and interest, all of the Called Prior Bonds scheduled to be redeemed in advance of maturity; but without providing in this Escrow Agreement for the payment of the principal of and/or interest on any of the outstanding Prior Bonds falling due on and before May 1, 1994, which Prior Bonds and interest are not being defeased prior to maturity.

3. The University has agreed and the Escrow Agent has been informed that the aggregate proceeds ($_____) received from the Purchasers of the Current Bonds, consisting of $_____ (purchase price) plus $_____ accrued interest from August 1, 1986 to August _____, 1986, shall be applied, together with other funds in the amount of $_____, furnished by the University, to pay the respective parties and to transfer funds to said Escrow Fund in accordance with Exhibit B attached hereto, so that the total sum of $_____ shall be deposited in such Escrow Fund.

4. Amounts on deposit in the Escrow Fund shall be held in trust for the benefit of the owners of the Prior Bonds, in such Escrow Fund, and all Investments therein shall be held in such Escrow Fund, subject to the following terms and conditions:

(a) The amount to be provided by both the principal and interest from the investments in U. S. Obligations therein shall be sufficient (when supplemented by any uninvested cash and/or other funds) and shall be available in ample time to meet the requirements specified in paragraph 2 hereof.

(b) On or immediately prior to each of the semiannual interest payment dates (May 1 and November 1) and annual principal payment dates (May 1), of the Called Prior Bonds, the necessary amounts of Investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the holders of the respective Called Prior Bonds and the interest payments falling due thereon on such respective dates, and shall be earmarked and applied for the payment of such respective interest payments falling due on such respective dates through and including May 1, 1993.

(c) On or immediately prior to May 1, 1993, a sufficient amount of Investments in the Escrow Fund shall be converted to cash by the Escrow Agent for the benefit of the holders of the Called Prior Bonds scheduled to mature on and after May 1, 1995, and for the benefit of the University, and the sum of $_____ shall be earmarked and applied for the redemption on May 1, 1993, of all of the Called Prior Bonds scheduled to mature on and after May 1, 1995, which Called Prior Bonds will have been called for redemption on May 1, 1993.

(d) The total amounts due on May 1, 1993, on the Called Prior Bonds (scheduled to mature on and after May 1, 1995) called for redemption on May 1, 1993, is $_____, calculated as follows:

Principal due on Series D Bonds called for redemption on May 1, 1993	$
Redemption Premium due on Series D Bonds called for redemption on May 1, 1993	
Interest due on all Series D Bonds on May 1, 1993,	
Total amount due on May 1, 1993 on Series D Bonds called for redemption on May 1, 1993 .	

5. (a) All Investments in the Escrow Fund are to be held by the Escrow Agent for the equal and ratable benefit of the owners of the Called Prior Bonds. The Escrow Fund is irrevocable and the owners of the Called Prior Bonds shall have an express lien on all monies and investments in the Escrow Fund until used and applied in accordance herewith.

(b) As of the respective dates, May 1 and November 1 of each year, that sums are due for payment of interest, principal, and redemption premium, as applicable, on the respective Called Prior Bonds, the amounts required on such dates shall be transferred to a special (Escrow) Bond and Interest Payment Account and held in trust by the Escrow Agent and earmarked by the Escrow Agent for the payment of the respective amounts due on said respective Called Prior Bonds, and such funds shall, to the extent that, and so long as, such funds shall be in excess of the FDIC insured amount, be earmarked and secured by the Escrow Agent by a pledge of an equivalent amount of U. S. Obligations. In addition, with respect to the Series D Bonds as to which both the Escrow Bank and the The Northern Trust Company, Chicago, Illinois (the "Alternate Payee Bank"), are co-paying agents, the Escrow Agent shall make available to the Alternate Payee Bank whatever amount shall be necessary and in ample time to enable the Alternate Payee Bank to pay bonds and/or coupons of the Series D Bonds which shall be presented to the Alternate Payee Bank for payment.

6. After the application by the Escrow Agent of sufficient funds to accomplish the refunding, redemption, and retirement of the Called Prior Bonds, any surplus remaining after May 1, 1993, shall be transferred by the Escrow Agent to the University and shall be deposited into the Bond Fund and treated the same as all other amounts deposited therein, subject to the provisions of paragraph 9 hereof.

7. In the event of any violation of this Agreement which is not cured by the appropriate party within ten (10) days after written notice to cure such violation, the Escrow Agent agrees to send written notice of such violation to (a) the University; (b) the Finance and Administration Cabinet of the Commonwealth of Kentucky; (c) the original purchasers of the Prior Bonds; (d) the original purchasers of the Current Bonds; and (f) the Fiscal Agent with respect to the Current Bonds, viz., Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507.

8. Upon the sending of such Notice, the Escrow Agent may take any one or more of the following steps, and such Escrow Agent shall, at the request of the University, or any owner of the Called Prior Bonds and/or the Current Bonds, and upon the Escrow Agent being indemnified against any and all costs and expenses in connection therewith, take any and all of the following steps:

(a) Sell such deposited Investments, or so much thereof, as shall be deemed by the Escrow Agent to be necessary to prevent any of the Called Prior Bonds from being in default as to principal redemption premium, and/or interest, and to assure the availability of sufficient funds to meet the requirements of paragraph 2 hereof; such sale to be at a public or private

sale, and in such commercially feasible manner as shall, to the Escrow Agent, be deemed appropriate. Any such sale shall be free of any and all rights, interests, and equities of the University; provided such rights, interest and equities, if any, shall attach to the net proceeds of the sale, if any, after satisfying all principal and interest requirements of the Called Prior Bonds.

(b) In the event of a sale of such Investments, the Escrow Agent shall apply the proceeds as follows:

(1) to the payment of the expenses of the sale, including any necessary legal fees;

(2) to the payment of the principal, premium, and interest requirements of the Called Prior Bonds;

(3) the balance, if any, to be paid to the University for credit to the Bond Fund; provided, however, that if the net proceeds shall be insufficient to pay the aforesaid expenses, plus the principal and interest requirements of the Called Prior Bonds, the Escrow Agent shall, upon similarly being indemnified, take all necessary action deemed advisable to accomplish such payment, including a request to the University to provide the deficiency.

In the event of any such sale of the Investments, the Escrow Agent shall immediately re-invest the net proceeds (after expenses) in other pledged securities meeting the requirements of paragraph 2 hereof, which pledged securities shall be similarly held for the account of said Escrow Fund.

9. The parties hereto agree that all of the foregoing provisions are binding on each of the parties until and including May 1, 1993, the redemption date of the Called Prior (Series D) Bonds, provided the duties of the Escrow Agent as Escrow Agent and as Trustee and Payee Bank of the Called Prior Bonds shall continue beyond May 1, 1993, with regard to any amount then held by the Escrow Agent with reference to the Called Prior Bonds (and coupons) which have not yet been presented for payment (and/or checks which have not yet been cashed) which have matured and/or which will then have been duly called for redemption prior to maturity, such duties to continue until such amounts are required by State Law to be escheated to the State or by the provisions of the Prior Resolution or the Current Resolution, to be transferred to the University.

10. In the event of the failure by the Escrow Agent to perform any functions required herein, after seven days' written notice to perform, the University shall have the right to (a) designate a successor escrow agent to replace the Escrow Agent named herein, which successor must be an FDIC Bank; or (b) take direct action, when appropriate to carry out the duties and functions of the Escrow Agent herein.

11. The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and believed by it to have been signed or presented by the appropriate party or parties (including without limitation, with respect to any corporation, any instrument purporting to have been signed on its behalf by its president, any of its vice-presidents, its treasurer or its secretary). The Escrow Agent shall not be liable for any action (or any refraining from action) taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it in this Agreement. The Escrow Agent may consult with counsel of its choice and shall be fully protected in acting or refraining to act in good faith and in accordance with the opinion of such counsel.

12. The Escrow Agent shall not be liable for any act done or step taken or omitted by it, or for any mistake of fact or law, or for anything which it may do or refrain from doing, except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall be responsible only for amounts or investments actually received by the Escrow Agent and shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Prior Bonds, or in the Current Bonds, or in any proceedings taken in connection therewith, but the same are made solely by the University. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds or otherwise to incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

13. This Agreement is made for the benefit of the University and the owners from time to time of the Called Prior Bonds and it shall not be repealed, revoked, altered, or amended, regardless of whether the consent of the parties hereto shall be given, other than for the purpose of subjecting to this Agreement additional funds, securities, or properties. The Escrow Agent shall be entitled to rely exclusively on an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change affects the rights of the holders of the Called Prior Bonds and/or is in compliance with the conditions and provisions of this Section.

14. If at any time there shall be insufficient funds on hand in the Escrow Fund for the payment of principal of and interest on the Called Prior Bonds, the Escrow Agent shall promptly notify the University of such deficiency, and the University shall immediately supply such deficiency from funds of the University available therefor.

15. The Escrow Agent shall on or before the 1st day of September of each year, deliver to the University a report of the financial condition of the Escrow Fund as of June 30 of such year and an operating statement for the Escrow Fund for the year ending June 30 of such year.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the date first above written, the parties executing same each certifying that he had the authority to execute same on behalf of the party for whom he executes this Agreement. This Agreement may be simultaneously executed in several counterparts, all of which constitute one and the same instrument and each of which shall be, and shall be deemed to be, and original.

COMMERCE NATIONAL BANK
Lexington, Kentucky

By _____
Signature

_____
Title

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

By _____
Chairman

By _____

OFFICIAL BID FORM

$7,805,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED AUGUST 1, 1986

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

Ladies and Gentlemen:

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

We hereby bid to purchase said $7,805,000 principal amount of Bonds for the sum of $_____ (not less than $7,648,900), plus accrued interest from August 1, 1986, at the following annual interest rates:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

Year of Maturity May 1	Maturity Amount	Rate	Year of Maturity May 1	Maturity Amount	Rate
1987	$ 85,000	____%	1998	$335,000	____%
1988	55,000	____%	1999	360,000	____%
1989	60,000	____%	2000	395,000	____%
1990	60,000	____%	2001	425,000	____%
1991	65,000	____%	2002	455,000	____%
1992	70,000	____%	2003	490,000	____%
1993	75,000	____%	2004	540,000	____%
1994	80,000	____%	2005	740,000	____%
1995	285,000	____%	2006	810,000	____%
1996	295,000	____%	2007	875,000	____%
1997	310,000	____%	2008	940,000	____%

We understand that the size of the final bond issue may be adjusted so as to increase or decrease the total size of the bond issue by approximately 15%, and that maturities may be similarly adjusted except that the adjustment of the 1987-1994 maturities may be as much as approximately 30%. We agree to the condition that the initial reoffering of all Bonds to the public must and will be at par.

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

A certified or bank cashier's check in the amount of $78,050, payable to the Treasurer of the University of Kentucky, is enclosed in accordance with the Notice of Bond Sale and the Official Terms, with the understanding that if we are the successful bidder, said check is to be immediately deposited by the University and credited (without interest) against the purchase price at the time of delivery of the Bonds. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of the sale.

Respectfully submitted,

_____

_____

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

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

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

BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY

By_____
Chairman

Attest:

_____
Secretary

(Seal)

EXHIBIT A

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

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

Dated this _____, 1986.

BOARD OF TRUSTEES OF UNIVERSITY OF KENTUCKY

By_____
Chairman

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

7,805,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED AUGUST 1, 1986

SALE: _____, 1986, _____ ___.M., E.D.T.

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

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

A. DESCRIPTION AND MATURITIES OF BONDS.

1. The Current Bonds will be issued only as fully registered bonds, without coupons, in the denomination of $5,000 principal amount or any multiple of $5,000 within a single maturity (as designated by the Purchasers), will bear interest payable semiannually on May 1 and November 1 of each year to maturity (first interest payment date, November 1, 1986 - three months), and will mature on May 1 of the respective years, as follows, subject to revision as specified below:

Year of Maturity May 1	Maturity Amount	Year of Maturity May 1	Maturity Amount
1987	$ 85,000	1998	$335,000
1988	55,000	1999	360,000
1989	60,000	2000	395,000
1990	60,000	2001	425,000
1991	65,000	2002	455,000
1992	70,000	2003	490,000
1993	75,000	2004	540,000
1994	80,000	2005	740,000
1995	285,000	2006	810,000
1996	295,000	2007	875,000
1997	310,000	2008	940,000

2. The final size of the Bond issue will be calculated to provide the greatest economic advantage to the Board on the refunding project financed by the Bonds, and to achieve generally level annual debt service payments. The successful purchaser will be required to accept the final Bond issue as so computed, whether the size of the Bond issue is increased or decreased, and to pay the same purchase price per $1,000 of Bonds of the adjusted size of the Bond issue as the purchase price bid in such successful bid. It is expected, although no absolute assurance can be given, that the final size of the Bond issue will be closely modeled to the Schedule of Principal Amounts listed in the Official Bid Form, provided that, on a percentage basis, the adjustment required for the entire issue will be nearly equal to the adjustment made within each maturity, and that the total adjustment required will not exceed approximately 15% of the stated amount, except that the adjustment of the maturities made within the years 1987 through 1994 may be as much as approximately 30%.

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

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

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

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

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

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

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

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

B. STATUTORY AUTHORITY AND PURPOSE OF BONDS.

8. These Bonds are issued for the purpose of advance refunding part of the outstanding University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series D, dated August 1, 1982 (the "Prior Bonds"), at a lower interest rate, through the deposit in escrow of sufficient funds, which, when invested in direct obligations of, or obligations guaranteed by the United States Government, shall be sufficient (1) to pay all interest requirements of all of the Prior Bonds scheduled to be redeemed in advance of maturity; and (2) to redeem on the designated redemption date, through payment

of the principal, redemption premium, and interest, all of the Prior Bonds scheduled to be redeemed in advance of maturity (the "Called Prior Bonds") with the precise redemption arrangements, by date and amount, being determined at the time of the sale of the Current Bonds, to achieve the maximum savings available in effecting the retirement and redemption of part of the Prior Bonds, as more fully set forth in the proceedings of the Board, including Sections 162.340 to 162.380, 164.595, et seq., and 58.010 through 58.140 of the Kentucky Revised Statutes, now in full force and effect.

The Board has reserved the right, on the date of sale, to determine (a) whether to provide for the advance refunding and defeasement of only the Called Prior Bonds, (b) precisely which of the "callable" Prior Bonds shall in fact be called for redemption in advance of maturity and on what redemption date, and (c) whether any, and if so, which of the Prior Bonds other than the "Called Prior Bonds" shall also be advance refunded and defeased as part of the refinancing financed by the Current Bonds, with the goal of achieving the maximum savings to the Board and the University; and such decisions will obviously have an effect on the final sizing of the issue and of the maturities thereof.

9. The Series D Prior Bonds were issued for the purpose of paying the costs (to the extent not otherwise provided) of establishing and erecting certain educational buildings upon properties of the University in Maysville, Louisville, Elizabethtown, and Cumberland, Kentucky, the buildings of which Series D Project have been completed and now constitute part of the Community Colleges Educational Buildings Project of the University (hereinafter referred to as the "Project"). All of said Prior Series D Bonds, together with the previous Series A, B, C, and E Bonds, issued in connection with the Community Colleges Educational Buildings Project, have been payable solely from and secured by a first pledge of the revenues derived by the University from the operation of the Project, subject to the exceptions referred to below in the paragraph headed "SECURITY". Accordingly, the Current Bonds, when issued, will be payable on a parity with the previous Series A, B, C, and E Bonds plus whatever Series D Bonds scheduled to mature on and prior to May 1, 1994 shall be determined by the Board not to be redeemed in advance of maturity, solely from and secured by a first pledge of the gross income and revenues to be derived from the Project, subject to the exceptions and other provisions referred to in the paragraph below, bearing the heading "SECURITY".

C. SECURITY.

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

D. BIDDING CONDITIONS AND RESTRICTIONS.

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

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

B. Bidders shall be required to bid for the entire issue a minimum price of not less that $7,648,900 (98% of par) for the $7,805,000 of Bonds, plus accrued interest from the date of the Bonds (August 1, 1986) to the date of delivery, payable in Federal Funds. The initial reoffering price of all Bonds to the public must be at par (100%).

C. The determination of the best bid will be made on the basis of all bids submitted for exactly $7,805,000 of Bonds as offered for sale under the terms and conditions herein specified. The Board will, at the meeting of the Board which will be held to act upon the receipt of bids for the Bonds, accept or reject the best bid, provided, however, the Board reserves the right to increase or reduce the amount of Bonds sold by approximately 15% and to similarly increase or reduce maturities (except that the adjustment of the 1987-1994 maturities may be as much as approximately 30%) as set out in paragraph A-2 of these Official Terms. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. The price at which such adjusted amount of bonds will be sold will be the same price per $1,000 of bonds as the price bid in the successful bid per $1,000 for the $7,805,000 of Bonds initially offered for sale.

D. Each bid shall be accompanied by a certified or bank cashier's good faith check in the amount of $78,050 (1%), payable to the order of the Treasurer of the University of Kentucky. The check of the successful bidder will be immediately deposited by the University and credited (without interest) against the purchase price. The good faith checks of the unsuccessful bidders will be returned promptly.

E. Bidders must state an interest rate or rates in a multiple of 1/8 and/or 1/20 of 1%. There is no maximum interest rate applicable.

F. There is no limit on the number of different rates which may be specified in any bid and there is no maximum differential between the highest and lowest interest rates stipulated in any bid.

G. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

H. Interest rates must be on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.

I. The right to reject bids for any reason deemed advisable by the Board and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of the Board, with the advice of the Fiscal Agent, shall be minor or immaterial, is expressly reserved.

J. Bids must be made on forms which, together with an Official Statement, may be obtained at the office of the Treasurer of the University or from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741. Bids must be enclosed in sealed envelopes marked "Proposal for University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986", and bids must be received by the aforesaid Treasurer prior to the date and hour set for the sale.

K. The original purchasers (the "Original Purchasers" or the "Purchasers") of the Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Bonds at no expense or cost to the Purchasers. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchasers thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase agreement.

L. Delivery will be made on or about _____, 1986, at Commerce National Bank, Lexington, Kentucky, at no additional cost or expense to the Purchasers, or elsewhere at the expense of the Purchasers.

M. It is anticipated that the University may tender the Bonds in the form of a single fully registered Master Bond or similar document to the Original Purchasers, in which event, within not more than three days following such delivery such Original Purchasers will be issued fully registered Bond Certificates (in the denomination of $5,000 or any multiple of same within the same maturity) in such names as shall have been properly designated to the Bond Registrar.

N. It shall be the responsibility of the Original Purchasers to furnish or cause to be furnished to the Payee Bank/Registrar at least five days prior to the date of delivery of the Bonds, a list of the names, addresses, social security numbers or employer identification numbers, principal amount, and

maturities of each of the parties to whom the Bonds are to be registered. In the event of the failure to so furnish such list, the Bonds delivered to the Original Purchasers shall be registered in the name or names of such Original Purchasers or their designated representatives appearing as the first name on the successful Bid Form, or otherwise appropriately designated, and shall be issued in denominations corresponding to the principal amount of each respective maturity, as shall be determined by the Trustee-Registrar. The Registrar shall issue and deliver to each respective member of the Original Purchasers, within three business days after their initial delivery of the Bonds (or of the Master Bond referred to above) fully registered Bond Certificates for each registered owner designated as above provided.

O. Upon wrongful refusal of the Purchasers to take delivery of and pay for the Bonds in Federal Funds when tendered for delivery, the amount of the good faith check shall be forfeited by such Purchasers, and such amount shall be deemed liquidated damages for such default, provided, however, if such Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale herein provided for, said Purchasers shall be relieved of any liability to accept the Bonds hereunder.

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

E. ADDITIONAL SALE PROVISIONS.

12. If upon the basis of the foregoing, the Board shall accept a purchase bid for the $7,805,000 of Current Bonds, or for the permissible adjusted amount thereof, the Board shall adopt a Resolution to that effect, supply proper evidence of such acceptance to the bidder submitting the accepted purchase bid, and thereafter the appropriate documents evidencing the sale of the Bonds and necessary for the delivery thereof shall be executed. The Board shall also at the time of acceptance of such successful bid, authorize the publication of the appropriate Notice of Redemption of Bonds with reference to the Prior Bonds to be called for redemption in advance of maturity.

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

F. SPECIAL TAX EXEMPTION CONSIDERATIONS.

14. Potential bidders are reminded that at the time that these Bonds are offered for sale, (a) the "Tax Reform Act of 1985", also known as H.R. 3838, 99th Congress, First Session (the "Tax Law"), has been passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") has been issued by the Chairman and Ranking Members of both the Ways and Means Committee of the U. S. House of Representatives and the Finance Committee of the U. S. Senate, together with the Secretary of the U. S. Treasury Department dated March 14, 1986, and (c) it is not known at present whether such Tax Law will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any will be included in such law. In order to assure purchasers of the Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such bondowners), the Board covenants to and with the owners of such Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Law, (2) the Board will take no actions which will violate any of the provisions of such Tax Law, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Law, if enacted and signed into law in the form as same exists at the time of issuance of the Bonds, if such Tax Law as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement, and (4) the Board reserves the right to amend the Resolution authorizing these Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the Bondowners) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project; and the purchasers of the Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of such Bonds.

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

It is noted that the U. S. Senate Finance Committee has on May 6, 1986, approved and recommended to the Senate a Senate version of tax reform legislation which includes a provision that interest on all municipal bonds will constitute a "tax preference" item in the income of corporations.

Bond Counsel will render the customary opinion as to exemption of principal of the Bonds from ad valorem taxation and as to exemption of interest on the Bonds from Federal and Kentucky income taxation, assuming that the Board complies with covenants made by the Board with respect to compliance with the provisions of H.R. 3838, if enacted into law in the form passed by the House of Representatives on December 17, 1985, and if such law reflects a postponement of effective dates to the extent endorsed in the Joint Statement, except that with respect to property and casualty insurance companies, such interest may be included in an alternative calculation of taxable income; and said opinion will state that Bond Counsel has relied upon the opinion of Haynes & Miller, Washington, D. C., Special Tax Counsel, (a) that the Bonds are not "Arbitrage Bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and (b) with respect to matters related to the Tax Law referred to herein.

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

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

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

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

NOTICE OF SALE OF BONDS

$7,805,000
UNIVERSITY OF KENTUCKY
COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS
SERIES D (SECOND SERIES)
DATED AUGUST 1, 1986

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

_____ day of _____, 1986

at the hour of _____ ___.M., E.D.T., it will receive in the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, sealed, competitive bids for the purchase of $7,805,000 of the above-identified issue of bonds, subject to adjustment as to amount as hereinafter provided, being fully registered bonds, in the denomination of $5,000 or any multiple of same within the same maturity, maturing on May 1, 1987 through 2008.

The minimum bid is $7,648,900 (98% of par). All bidders must bid for all of the Bonds, and the purchase price is payable in Federal Funds. The initial reoffering price of all Bonds to the public must be at par (100%).

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

The amount of the Bonds to be sold may be increased or decreased by approximately 15% at the time of the sale, as set out in detail in the Official Terms and Conditions of Sale of Bonds and in the Preliminary Official Statement.

The Bonds will be issued subject to the approving legal opinion of the firm of Rubin & Hays, Municipal Bond Attorneys, Louisville, Kentucky, with a separate no-arbitrage opinion of the firm of Haynes & Miller, Washington, D.C., based on the assumption of compliance by the Board with certain covenants made by the Board in accordance with HR 3838, if enacted into law in the form passed by the U.S. House of Representative on December 17, 1985, and assuming that such law as enacted reflects the postponement of the effective date to the extent endorsed in a certain "Joint Statement", as set out in detail in the Official Terms and Conditions of Sale of Bonds and in the Preliminary Official Statement.

Good faith check is $78,050. Bid Forms, Official Terms and Conditions, and Preliminary Official Statement may be obtained from the Fiscal Agent, Dupree & Company, Inc., 167 West Main Street, Lexington, Kentucky 40507, phone (606) 254-7741.

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

Office of the President
June 25, 1986

FCR 16

Members, Board of Trustees:

A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES

Recommendation: that the Board of Trustees approve a Resolution authorizing the President of the University to fix the date and hour of the sale of the Bonds referred to in the title of the Resolution set out above, to arrange for publication of the Notice of Sale of Bonds with respect thereto, and to take certain other action in connection therewith. This Resolution is a companion Resolution to the Resolution also to be approved specifically authorizing the issuance and sale of the Bonds. The purpose of the Resolution is to grant to the President the authority to fix the date and hour of the sale and the time of publishing same so that action can be taken expeditiously when market conditions warrant, without the necessity of further action by the full Board or the Executive Committee.

Background: These are Advance Refunding Bonds for the purpose of effecting a substantial savings in the net interest cost of the Bonds which bear interest at rates ranging from 8% to 10.20% per annum. The Bonds will be advertised for sale only if it is concluded immediately prior to such advertisement that market conditions are favorable to the issuance of such Bonds and to the goal of achieving a substantial interest cost savings to the Board and to the University.

Action: Approved ✔ Disapproved _____ Other _____

Date: June 25, 1986

A RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNIVERSITY TO FIX THE DATE AND HOUR OF THE SALE OF UNIVERSITY OF KENTUCKY COMMUNITY COLLEGES EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES D (SECOND SERIES), DATED AUGUST 1, 1986, TO ARRANGE FOR PUBLICATION OF THE NOTICE OF SALE OF THE BONDS WITH RESPECT THERETO, AND TO TAKE CERTAIN OTHER ACTION IN CONNECTION THEREWITH, ALL SUBJECT TO THE RATIFICATION AND CONFIRMATION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OR OF THE FULL BOARD OF TRUSTEES.

WHEREAS, the Board of Trustees of the University of Kentucky has on this date adopted a Resolution entitled:

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

WHEREAS, such Resolution provides for the issuance of $7,805,000 of such Refunding Bonds, maturing on May 1 of each of the years 1987 through 2008, with provision that the amount of the Bonds may be revised and that the maturities thereof may also be changed within certain parameters specified in such Resolution, and

WHEREAS, the timing of the sale of Refunding Bonds is frequently critical to the success of the issue, and maximum flexibility is needed to enable the University to have the opportunity to proceed immediately whenever the market would be considered by the University, with the advice of its Fiscal Agent, to be favorable for such an offering of bonds, and

WHEREAS, it is therefore deemed appropriate for the Board to authorize the President of the University to take certain steps, when he deems it in the best interest of the University, to proceed with the sale of the Bonds at what he concludes is the most advantageous time, and under the most advantageous conditions, as herein set out, and

WHEREAS, since an advance refunding necessarily carries with it the need to invest the proceeds of the refunding bonds until the date of redemption of the bonds being refunded, the precise amount of the refunding bonds can not be determined until the time of the sale, when the interest rates are determined, and

WHEREAS, since (1) the investment of a certain amount at a certain interest rate will provide sufficient funds to pay a larger amount than would the investment of such amount at a lower rate of interest, and conversely, (2) the investment of a certain amount at a certain interest rate will provide sufficient funds to pay a lesser amount than would the investment of such amount at a higher rate of interest; and thus, ironically, (a) the higher the interest rate on the Refunding Bonds, (b) the lower the amount of Refunding Bonds necessary to accomplish the refunding, and (i) the lower the interest rate on the Refunding Bonds, (ii) the higher the amount of Refunding Bonds necessary to accomplish such refunding,

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

1. That the President of the University is hereby authorized to take the following steps with respect to the proposed sale of University of Kentucky Community Colleges Educational Buildings Refunding Revenue Bonds, Series D (Second Series), dated August 1, 1986:

(a) To fix the date and hour for the receipt of bids, and the date and hour of a meeting of the Executive Committee of the Board to be held at a later hour on the same day for the purpose of accepting the successful bid or of rejecting all bids;

(b) To authorize the publication of the Notice of Sale of Bonds, setting out such date and such hours;

(c) To change (1) the tentative estimated amount of such Refunding Bonds to be initially offered for sale, (2) the tentatively estimated amounts of maturities of such Bonds for each of the years, 1987 through 2008, and/or (3) the date of such Bonds and all other dates pertaining to the Bonds, to the extent that any such changes shall be deemed appropriate and consistent, including the redemption date; and

(d) To approve the form of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form, and Preliminary Official Statement, to whatever extent is deemed appropriate in order to carry out any of the foregoing, and in order to provide the most favorable conditions for the sale of such Refunding Bonds.

2. That all of such action is authorized to be taken by the President, with the provision that no bid for the purchase of such Bonds can be accepted without specific formal action by the Executive Committee of this Board, acting pursuant to recommendations of the Finance Committee of this Board.

Adopted June 25, 1986.

_____
Chairman, Board of Trustees
University of Kentucky

_____
Secretary, Board of Trustees

(Seal)

CERTIFICATION

I, GEORGE W. GRIFFIN, Secretary of the Board of Trustees of the University of Kentucky, Lexington, Kentucky, hereby certify that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of said University at a meeting held on June 25, 1986, as recorded in the official Minute Book of said Board of Trustees, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 68.810, 61.815, 61.820, and 61.825, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of said Board this June __, 1986.

_____
Board of Trustees of
University of Kentucky

Office of the President
June 25, 1986

FCR 17

Members, Board of Trustees:

A MASTER RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY HOSPITAL REVENUE BONDS, AND A RESOLUTION AUTHORIZING THE ISSUANCE OF $25,000,000 (OR LESS) OF UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A

Recommendation: that the Board of Trustees approve a resolution creating and establishing a hospital project of the University of Kentucky; creating and establishing an issue of University of Kentucky Hospital 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.

That the Board of Trustees also approve a resolution authorizing the issuance of $25,000,000 (or less) of University of Kentucky Hospital Revenue Bonds, Series A.

Background: The creation of a hospital bond series is for the purpose of creating flexibility in financing the hospital operations and maintenance of debt capacity in the Consolidated Educational Building Revenue Bonds. The Master Resolution empowers the issuance of Hospital Revenue Bonds from time to time as funds are required for the purpose of improving existing facilities and construction of additions to the University Hospital. Each series of Hospital Revenue Bonds must be approved by the Board of Trustees. Net revenues of the University Hospital are pledged for the payment of debt.

The first issuance of $25,000,000 (or less) of University of Kentucky Hospital Revenue Bonds, Series A, is also authorized for the partial funding of an approximately $40,000,000 project for improvement of existing hospital facilities, construction of additional hospital facilities and a parking garage. The University Hospital fund balance and interest earnings of approximately $15,000,000 will be used in the project. The exact amount of the bond sale will be submitted to the Board for approval at the time of sale. When the final resolutions are completed by the Bond Counsel, they will be forwarded to the Board.

Action: Approved ✓ Disapproved _____ Other _____

Date: June 25, 1986

MASTER

RESOLUTION

OF THE

BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

AUTHORIZING THE ISSUANCE OF

UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS

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RESOLUTION

A RESOLUTION CREATING AND ESTABLISHING A HOSPITAL PROJECT OF THE UNIVERSITY OF KENTUCKY; CREATING AND ESTABLISHING AN ISSUE OF UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY; PROVIDING FOR THE ISSUANCE FROM TIME TO TIME OF SAID BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS AND REPEALING ALL RESOLUTIONS OR PARTS OF RESOLUTIONS IN CONFLICT WITH THIS RESOLUTION.

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

WHEREAS, the Board of Trustees, as governing body of the University of Kentucky, has heretofore caused to have constructed and presently operates the University of Kentucky Hospital, which hospital is used by the University of Kentucky for educational purposes; and

WHEREAS, the Board of Trustees has determined that it will be necessary from time to time to acquire, construct and equip additions and improvements to the University of Kentucky Hospital; and

WHEREAS, the Board of Trustees has determined that the acquisition, construction and equipping of such additions and improvements will require the borrowing of money and the issuance of revenue bonds payable from the revenues of the University of Kentucky Hospital; and

WHEREAS, under the provisions of Section 58.010 through 58.140 of the Kentucky Revised Statutes, the Board of Trustees is empowered to issue revenue bonds for the purpose of financing a public project for use in the promotion of the public health; and

WHEREAS, the Board of Trustees has determined that it is in the best interests of the University to create and establish an issue of revenue bonds to be issued for the aforesaid purposes from time to time as funds are required for such purposes, all such bonds to be payable from the revenues of the University of Kentucky Hospital in the manner hereinafter provided;

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

ARTICLE I. DEFINITIONS.

Section 1.01. Definitions

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

"ACT" means Sections 58.010 through 58.140 of the Kentucky Revised Statutes.

"ADDITIONAL FACILITIES" means those additions and improvements to the Hospital to be financed from proceeds of Bonds issued pursuant to a Series Resolution or Parity Indebtedness.

"ADDITIONAL INDEBTEDNESS" means any Indebtedness payable out of Revenues incurred subsequent to the date of the Resolution.

"AUDITOR" means the Auditor of Public Accounts of the Commonwealth.

"BALLOON LONG-TERM INDEBTEDNESS" means (i) Long-term Indebtedness 25% or more of the principal payments of which are due in a single year and (ii) Long-term Indebtedness 25% or more of the principal of which may, at the option of the holder or registered owner thereof, be redeemed at one time, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

"BOARD" means the Board of Trustees of the University of Kentucky, as created and existing under the provisions of Section 164.130, et seq., of the Kentucky Revised Statutes, or its Executive Committee created and elected pursuant to Section 164.190 of the Kentucky Revised Statutes when exercising the power delegated to it by the Board.

"BOND FUND" means the fund created pursuant to Section 4.03 hereof.

"BONDS" means all University of Kentucky Hospital Revenue Bonds of the Board of the issue established and created by this Resolution which are issued pursuant to a Series Resolution authorizing the issuance of a Series of Bonds and secured by the Resolution.

"BOOK VALUE" when used in connection with Property, Plant and Equipment, means the value of such Property, Plant and Equipment, net of accumulated depreciation, as it is carried on the books for the operation of the Hospital in accordance with generally accepted accounting principles.

"BUSINESS DAY" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in any city in which the principal office of the Paying Agent is located are authorized by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

"CHAIRMAN" means the Chairman and each and every Vice Chairman and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Chairman of the Board.

"CODE" means the Internal Revenue Code of 1954, as amended, and the regulations relating thereto.

"COMMONWEALTH" means the Commonwealth of Kentucky.

"COMPLETION INDEBTEDNESS" means any Long-Term Indebtedness incurred by the Board for the purpose of financing the completion of constructing or equipping facilities for which Indebtedness has theretofore been incurred, to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time that such initial Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared in connection with the incurring of such initial Indebtedness with only such changes as have been made in conformance with the documents pursuant to which such Indebtedness was incurred.

"CONSTRUCTION ACCOUNT" means a special account created pursuant to Section 4.04 of the Resolution.

"CONSULTANT" means a firm which is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Board, and which is a professional consultant having the skill and experience necessary to render the particular report required by a provision of the Resolution or a Series Resolution in which such requirement appears.

"COST" means, as applied to a Hospital Project, the cost of construction, acquisition, renovation or equipping and all obligations and expenses and all items of cost which are set forth in the Series Resolution providing for the financing of such Hospital Project.

"CREDIT FACILITY AGREEMENT" means an irrevocable letter of credit, insurance policy, guaranty or surety bond providing for the payment of or guarantying the payment of principal and purchase price of and interest on Bonds when due.

"DEBT SERVICE COVERAGE RATIO" means for any period of time the ratio determined by dividing the Income Available for Debt Service by the Principal and Interest Requirements.

"DEBT SERVICE RESERVE ACCOUNT" means that account created as a part of the Bond Fund by a Series Resolution.

"DEFEASANCE OBLIGATIONS" means (i) Government Obligations, (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations of state or local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with the trustee or escrow agent of obligations described in (i) or (ii) above, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers, (iv) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company whose obligations are rated in the highest rating category by Moody's Investors Service, Inc., and Standard & Poor's Corporation, and (v) full faith and credit obligations of state or local government municipal bond issuers, which are rated in the highest rating category by both Standard & Poor's Corporation and Moody's Investors Service, Inc.

"DEPRECIATION RESERVE FUND" means that account created pursuant to Section 4.05.

"EXISTING FACILITIES" means the University of Kentucky Hospital facilities located in Lexington, Fayette County, Kentucky, owned and operated by the Board as of the date of adoption of this Resolution.

"FINANCIAL STATEMENTS" means the financial statements of the Operations of the Hospital.

"FISCAL YEAR" means any twelve (12) month period beginning July 1 of each year and ending June 30 of the following year.

"GOVERNMENT OBLIGATIONS" means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

"GOVERNMENT RESTRICTIONS" means federal, state or other applicable governmental laws or regulations affecting the Board and the Operations of the

Hospital, placing restrictions and limitations on the (i) fees and charges to be fixed, charged and collected with respect to services provided by the Hospital, or (ii) timing of the receipt of Revenues.

"GUARANTY" means any obligation of the Board guaranteeing in any manner, directly or indirectly, any obligation of any other person, which obligation of such other person would, if such obligation were the obligation of the Board, constitute Indebtedness hereunder; provided, however, that a Guaranty as defined in this paragraph shall include only such guaranties as are secured by Revenues and shall not include any guaranties secured by other revenues or assets of the Board.

"HOSPITAL" means the Existing Facilities, any Additional Facilities and any other facilities used to produce Revenues.

"HOSPITAL PROJECT" means all buildings, equipment and necessary appurtenances hereafter acquired and financed by a Series of Bonds or Parity Indebtedness and constituting a part of the Hospital.

"INCOME AVAILABLE FOR DEBT SERVICE" means, with respect to the Operations of the Hospital, as to any Fiscal Year the excess of Revenues over Operating Expenses as determined in accordance with generally accepted accounting principles consistently applied; provided, however, that no determination thereof shall take into account any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business.

"INDEBTEDNESS" means Long-Term Indebtedness and Short-Term Indebtedness.

"INTEREST ACCOUNT" means that account or accounts created as a part of the Bond Fund.

"LONG-TERM INDEBTEDNESS" means all obligations for borrowed money incurred or assumed by the Board which are required in accordance with generally accepted accounting principles to be reflected in the financial statements of the Operations of the Hospital, including a Guaranty, Short-Term Indebtedness, if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, otherwise constitute Long-Term Indebtedness, and the current portion of Long-Term Indebtedness, for any of the following:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one (1) year;

(ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year; and

(iii) installment sale or conditional sale contracts having an original term in excess of one year;

provided, however, that any Guaranty by the Board of any obligation of any person which obligation would, if it were a direct obligation of the Board, constitute Short-Term Indebtedness shall be excluded.

"NET REVENUES" means the excess, if any, of the Revenues over the Operating Expenses.

"OPERATING EXPENSES" means the reasonable and necessary current expenses of maintaining, repairing and operating the Hospital, including, without limiting the generality of the foregoing, all administrative, general and commercial expenses, insurance and surety bond premiums, architectural expenses, legal expenses, refunds of overpayments on patient accounts, any taxes which may be lawfully imposed on the Board in connection with the income from or operations of the Hospital or the property forming a part thereof, rentals of equipment or other property, usual expenses of maintenance and repair, fees and expenses payable by the Board in connection with any Credit Facility Agreement and any other current expenses required to be paid by the Board in connection with the operation of the Hospital by law, all to the extent properly and directly attributable to the Hospital and all as determined in accordance with generally accepted accounting principles for hospitals consistently applied, and the expenses, liabilities and compensation of the Trustee and Paying Agents required to be paid under the Resolution and any Series Resolution, but not including reserves for operation, maintenance or repair or any allowance for depreciation, amortization of financing expenses, Principal and Interest Requirements or similar charges.

"OPERATIONS OF THE HOSPITAL" refers to those actions and activities generally permitted to a corporation.

"OUTSTANDING" means, when used with reference to Bonds, as of a particular date, all Bonds theretofore issued under a Series Resolution, except:

(i) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation:

(ii) Bonds for the payment of which money, Defeasance Obligations or a combination of both, sufficient to pay on the date when such Bonds are to be paid or redeemed, the principal or redemption price of, and the interest accruing to such date on the Bonds to be paid or redeemed, has been deposited with the Paying Agent in trust for the Owners of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the redemption price of and the interest accruing on, such Bonds to such date;

(iii) Bonds in exchange for or in lieu of which other Bonds have been issued; and

(iv) Bonds deemed to have been paid in accordance with Section 9.02 of this Resolution.

"OWNER" means, with respect to the Bonds, a person in whose name a Bond is registered in the registration books provided for in a Series Resolution, so long as any Bond remains Outstanding or if Bonds are issued in bearer form, the holder thereof.

"PARITY INDEBTEDNESS" means any Indebtedness or obligation of the Board secured pari passu with the Bonds.

"PAYING AGENT" means, with respect to the Bonds, the Trustee, or any successor Trustee, and any other agent as may be designated a Paying Agent pursuant to the provisions of a Series Resolution.

"PRINCIPAL ACCOUNT" means that account or accounts created as a part of the Bond Fund.

"PRINCIPAL AND INTEREST REQUIREMENTS" means, as of any date of calculation and with respect to any period, the sum of (1) the interest falling due on outstanding Long-Term Indebtedness during such period (except to the extent that such interest is payable from the proceeds of Long-Term Indebtedness set aside for such purpose), assuming (a) that the interest due on any Long-Term Indebtedness bearing interest at a variable rate shall be calculated at one hundred ten percent (110%) of the greater of the average daily interest rate during the preceding Fiscal Year or the rate in effect on the date of calculation, but in either event not to exceed any maximum interest rate which may be set for any series of Long-Term Indebtedness; provided, however, that with respect to Long-Term Indebtedness bearing interest at a variable rate then proposed to be issued, the interest rate thereon shall be calculated at one hundred ten percent (110%) of the initial rate of interest thereon, and (b) that all Long-Term Indebtedness shall be retired on its maturity dates or at the times and in the amounts of any required mandatory sinking fund payments, and (2) the scheduled principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Long-Term Indebtedness during such period, computed on the assumption that no portion of such outstanding Long-Term Indebtedness shall cease to be outstanding during such period except by reason of application of such scheduled payments also taking into account with respect to Balloon Long-Term Indebtedness the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of twenty (20) years (or, if the term thereof exceeds 20 years, over a period equal to such term) on a level debt service basis at an interest rate equal to the rate borne by such indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the actual maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation.

"PROPERTY" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated which are required in accordance with generally accepted accounting principles, to be reflected in the Financial Statements.

"PROPERTY, PLANT AND EQUIPMENT" means all Property which is reflected as property, plant and equipment in the Financial Statements in conformity with generally accepted accounting principles.

"RECORD DATE" means, with respect to any interest payment date for a Series of Bonds, the 15th day of the month next preceding such interest payment date, or if such day is not a Business Day, then the next succeeding Business Day or such other date as may be designated by a Series Resolution.

"REDEMPTION ACCOUNT" means that account or accounts created as a part of the Bond Fund by a Series Resolution.

"REGISTRAR" means the Trustee designated to maintain the records for registration of the ownership, transfer and exchange of the Bonds.

"RESERVE ACCOUNT REQUIREMENT" means that maximum amount required by a Series Resolution to be maintained in a Debt Service Reserve Account.

"RESOLUTION" means this Resolution providing for the issuance of hospital revenue bonds adopted by the Board on June 25, 1986, together with any Series Resolution, as supplemented and amended.

"REVENUE FUND" means that fund created in Section 4.02 hereof.

"REVENUES" means, for any period, all revenues, income, receipts and other money received in such period by or on behalf of the Board from or in connection with the operation of the Hospital, including, without limitation, revenues, income, receipts and other money derived by the Board with respect to the Hospital from (i) any appropriations not restricted to capital improvement purposes received from the Board, (ii) business interruption insurance, (iii) accounts receivable, (iv) the sale of inventory and other tangible or intangible property, (v) agreements respecting Medicare, Medicaid and Blue Cross or similar or successor programs, (vi) contract rights and other rights and assets, whether now or hereafter owned, held or possessed by or on behalf of the Board with respect to the Hospital, (vii) all payments made by or on behalf of patients, (viii) all investment income derived from any fund or account created under this Resolution, except for investment income derived from the Construction Account, and (ix) all gifts, grants, bequests, contributions and donations made with respect to the Hospital, including the income and profits therefrom, exclusive of gifts, grants, bequests, contributions and donations to the extent specifically restricted by the donor to a partucular purpose inconsistent with their use as Revenues.

"SECRETARY" means the Secretary and each and every Assistant Secretary and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Secretary of the Board.

"SERIES," whenever used herein with respect to Bonds or other Long-term Indebtedness, means all of the Bonds or other Long-term Indebtedness designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds or other Long-term Indebtedness thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for such Bonds or other Long-term Indebtedness as herein provided.

"SERIES OF BONDS" means the Series of Bonds authorized by a Series Resolution.

"SERIES RESOLUTION" means a resolution supplemental to the Resolution authorizing the issuance of a Series of Bonds or other Long-term Indebtedness.

"SHORT-TERM INDEBTEDNESS" means all obligations for borrowed money incurred or assumed by the Board which are required, in accordance with generally accepted accounting principles, to be reflected in the financial statements of the operations of the Hospital, for any of the following:

(i) Payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one (1) year or less;

(ii) Payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the Lessee for a period from the date originally entered into, of one (1) year or less;

(iii) Payments under installment purchase or conditional sales contracts having an original term of one (1) year or less.

"SINKING FUND ACCOUNT" means that account or accounts created as a part of the Bond Fund.

"STATE TREASURER" means the State Treasurer of the Commonwealth.

"TOTAL OPERATING REVENUES" means net patient service revenue plus other operating revenue, both as reflected in the Financial Statements in accordance with generally accepted accounting principles.

"TREASURER" means the Treasurer and each and every Assistant Treasurer and each and every other officer of the Board authorized to exercise the powers and authority reposed in the Treasurer of the Board.

"TRUSTEE" means a bank or trust company or a combined bank and trust company created and existing under the laws of the Commonwealth, or a national banking association created and existing under the laws of the United States of America, having proper trust powers and having its principal office and place of business in Kentucky, or any successor Trustee to be designated pursuant to the provisions of a Series Resolution.

Section 1.02. Gender.

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

Section 1.03. Plural and Singular.

The words "Bonds," "Owner," "holder" and "person" shall include the plural as well as the singular number unless the context shall otherwise indicate. The word "person" shall include corporations and associations, including public bodies, as well as natural persons.

ARTICLE II. AUTHORIZATION AND ISSUANCE OF BONDS AND PARITY INDEBTEDNESS.

Section 2.01. Authorization.

Pursuant to the authority contained in the Act, there is hereby established and created an issue of Bonds of the Board to be known and designated as "University of Kentucky Hospital Revenue Bonds" which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in a Series Resolution. Said Bonds shall not constitute an Indebtedness of the Board, or the Commonwealth, within the meaning of any provisions or limitations of the Constitution and Statutes of the Commonwealth but shall be payable solely from the Revenues and any other revenues provided therefor in a Series Resolution. The Board reserves the right to incur Parity Indebtedness for any purpose for which Bonds may be issued, provided that the provisions of Section 2.02 are complied with by the Board. The Bonds and Parity Indebtedness shall constitute a paramount charge on the Net Revenues in the manner and to the extent hereinafter provided and over and ahead of all claims or obligations of any nature against the Net Revenues hereafter arising or hereafter incurred. All Bonds and Parity Indebtedness shall be equally and ratably secured without priority by reason of series designation, number, date of authentication, date of sale, execution, maturity or delivery, by a charge on the Net Revenues.

Section 2.02. Issuance by Series Resolution.

The issuance of Bonds and Parity Indebtedness may be authorized by a Series Resolution of the Board adopted pursuant hereto in one or more series. The Bonds of each series shall, in addition to the title "University of Kentucky Hospital Revenue Bonds," contain an appropriate series designation. Each Series Resolution authorizing the issuance of a Series of Bonds or Parity Indebtedness shall declare that said Bonds or Parity Indebtedness are authorized and issued under the Resolution and shall also specify:

(1) the authorized principal amount of said Series;

(2) the purposes for which such Series are being issued, which shall be only for the payment of the cost of Additional Facilities, with necessary appurtenances and which Additional Facilities will become and constitute a part of the Hospital Project;

(3) the date, maturity dates and the interest payment dates of such Series or the dates of payment of such Series on demand of the Owners of the Bonds;

(4) the interest rate or rates applicable to the Bonds of such Series, or the manner of determining such rate or rates, which may include variable, adjustable or other rates, original issue discount and zero interest rate obligations;

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

(6) the redemption prices to be paid upon the redemption of the obligations of such Series prior to maturity of such Series and the terms and manner of such redemption, which may include mandatory redemption at the election of an Owner of the obligations of such Series, if and to the extent the obligations of such Series are to be redeemable prior to maturity;

(7) provisions for the sale of the obligations of such Series;

(8) the form of the obligations of such Series and the form of the Trustee's authentication certificate; and

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

Section 2.03. Refunding Bonds.

Anything in this Resolution to the contrary notwithstanding, the Board may issue Bonds on a parity with Bonds previously issued for the purpose of refunding all or any part of the Bonds of one or more Series as may be Outstanding as of the maturity thereof or at any time prior thereto either through the exercise of an option for redemption or by an agreement with the Owners of the Bonds to be refunded.

Section 2.04. Maturity Limitation.

Bonds of a Series shall mature not more than forty (40) years from the date thereof, all as more fully set forth in the Series Resolution authorizing the issuance of a Series of Bonds.

ARTICLE III. TERMS AND PROVISIONS OF BONDS.

Section 3.01. Trustee Certification of Authentication.

Only Bonds that bear thereon an endorsed certification of authentication executed by the Trustee shall be secured by the Resolution or be entitled to any right or benefit thereunder. The authentication of any Bond by the Trustee shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly issued under the Resolution and that the Owner thereof is entitled to the benefits and security of the Resolution.

Section 3.02. Loss, Theft or Destruction of Bonds.

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

ARTICLE IV. PLEDGE OF REVENUES; CREATION OF FUNDS: INVESTMENTS

Section 4.01. Pledge of Revenues.

There is hereby pledged to the payment of the principal of, interest on and any premium upon the redemption of, the Bonds, the proceeds of the sale of the Bonds until expended for the authorized purpose, the Net Revenues and all funds established by and in accordance with the provisions of the Resolution, including the investments, if any, of any of such funds, all in accordance with the terms and provisions of the Bonds and of the Resolution, and there is hereby created in favor of said Bonds, a paramount charge on all of the Net Revenues over and ahead of all claims or obligations of any nature against the Net Revenues hereafter arising or hereafter incurred. The Board covenants and agrees that the foregoing pledge shall be valid and binding from and after the date of the issuance, sale and delivery of any Bonds issued pursuant to the Resolution, and all such money and securities hereby pledged shall then be subject to the lien of this pledge without any physical delivery thereof, or any further action by the Board.

Section 4.02. Revenue Fund.

From and after the issuance of any Bonds pursuant to the Resolution, all Revenues shall be deposited to the credit of a special fund to be known as the "University of Kentucky Hospital Revenue Fund" (hereinafter referred to as the "Revenue Fund") which Revenue Fund is hereby created. Such Revenue Fund shall be held in the custody of the State Treasurer of the Commonwealth, separate and apart from other funds; provided, however that if no law requires such funds to be held by the State Treasurer, with the consent of the State Treasurer, the Revenue Fund may be held by the Board.

The Board covenants and agrees that, upon the issuance and delivery of any Bonds pursuant to the Resolution, all Revenues shall be deposited as collected in the Revenue Fund. Moneys and securities from time to time in the Revenue Fund shall be trust funds of the Board for the uses and purposes provided in the Resolution and shall be paid out and applied for the uses and purposes for which said moneys are pledged by the provisions of the Resolution. The Board shall cause money in the Revenue Fund to be paid out by the State

Treasurer first to pay Operating Expenses of the Hospital, second, to make the payments required for the funds and accounts referred to below, to make any payments required by any Credit Facility Agreement, to make the payments required by any Parity Indebtedness, and thereafter for any lawful purpose of the Operations of the Hospital as may from time to time be determined by the Board.

With respect to each Series of Bonds, unless otherwise provided in the Series Resolution authorizing such Bonds, the Board shall cause the State Treasurer to withdraw from the Revenue Fund so much of the money on deposit therein as is required to make the deposits hereinafter required and to deposit the sum so withdrawn to the credit of the following funds and accounts in the following order:

(a) to the credit of the Interest Account such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the total amount then on deposit to the credit of the Interest Account equal to the amount of interest to become due and payable on the next succeeding date on which such interest is due and payable with respect to the Bonds of each Series then Outstanding, except any interest for the payment of which funds have been provided from the proceeds of Bonds, from a drawing under a Credit Facility Agreement or from a transfer from any other fund or account;

(b) to the credit of the Principal Account such amount, if any, of any balance remaining after making the deposit under clause (a) above (or the entire balance if less than the required amount) as shall be sufficient, together with the amount then on deposit therein, to pay the maturing principal of all Outstanding Bonds on the next succeeding maturity date, except principal for the payment of which funds have been provided from a drawing under a Credit Facility Agreement;

(c) to the credit of the Sinking Fund Account, such amount, if any, of any balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as shall be sufficient together with the amount then on deposit therein to retire all Bonds to be called by mandatory redemption on the next ensuing mandatory redemption date, except any Bonds, funds for the retirement of which have been provided from a drawing under a Credit Facility Agreement;

(d) to the credit of each Debt Service Reserve Account, such amount, if any, of any balance remaining after making the deposits under clauses (a) to (c), inclusive, above (or the entire balance if less than the required amount) as may be required by any Series Resolution to make the amount then to the credit of any Debt Service Reserve Accounts created under such Series Resolution equal to the Reserve Account Requirement for the Bonds of such Series;

(e) to the credit of the Depreciation Reserve Fund, on December 1 of the year in which a depreciation reserve is required to be funded and on each December 1 thereafter, one hundred percent (100%) of the Depreciation Reserve Fund Requirement for such year; and

(f) to the credit of any fund or account created pursuant to a Series Resolution, at such time or times as shall be required by the Series Resolution, such amount, if any, of any balance remaining after making the deposits under clauses (a) to (e) inclusive, above (or the entire balance if less than the required amount), as shall be required by the applicable Series Resolution.

Section 4.03. Bond Fund.

There is hereby created a separate account called the "University of Kentucky Hospital Project Bond and Interest Sinking Fund" (hereinafter referred to as the "Bond Fund"). The Bond Fund shall be established and maintained by and in the custody of the Trustee, and maintained by the Trustee so long as any of the Bonds are Outstanding.

The Bond Fund shall consist of (i) an Interest Account, (ii) a Principal Account and (iii) a Sinking Fund Account. There may also be established as a part of the Bond Fund, one or more Debt Service Reserve Accounts and one or more Redemption Accounts pursuant to a Series Resolution. Deposits to the various accounts of the Bond Fund shall be made in such amounts, at such times and under such terms and conditions as provided in a Series Resolution.

Subject to the terms and conditions set forth in the Resolution, money held for the credit of the Interest Account, the Principal Account and the Sinking Fund Account shall be held in trust and disbursed by the Trustee for (a) the payment of interest on the Bonds issued hereunder as such interest becomes due and payable, or (b) the payment of the principal of such Bonds at their maturities, mandatory redemption dates or optional redemption dates, and such money is hereby pledged to and charged with the payments thereof. Money held for the credit of any Debt Service Reserve Account shall be held in trust and disbursed by the Trustee for (a) to the extent that the amount on deposit in the Interest Account is insufficient therefor, the payment of interest on the Series of Bonds issued under the Series Resolution establishing such Debt Service Reserve Account as such interest becomes due and payable, or (b) to the extent that the amount on deposit in the Principal Account or the Sinking Fund Account is insufficient therefor, the payment of the principal of such Series of Bonds at their maturities or mandatory redemption dates, as the case may be, or (c) if so provided in the Series Resolution authorizing the Series of Bonds with respect to which such Debt Service Reserve Account was created, to the direct payment of the principal of and interest on such Series of Bonds, and such money is pledged to and charged with the payments mentioned in this sentence.

At least five (5) days prior to each date on which principal and/or interest shall become due on any of the Bonds, the Trustee shall be required to set aside from the Bond Fund moneys sufficient to pay the interest due on the Bonds on such date and the principal of all Bonds maturing or called for redemption on such date and to make arrangements with the Paying Agent to secure the prompt payment thereof at the time and in the manner set forth in a Series Resolution.

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

The Bond Fund shall be drawn upon for the sole purpose of paying the principal, interest and redemption price on the Bonds. Money set aside from time to time by the Trustee for such principal, interest and redemption price shall be held in trust for the Owners of the Bonds with respect of which the same shall have been so set aside. Until so set aside for the payment of principal, interest or redemption price as aforesaid, all moneys in the Bond Fund shall be held in trust for the benefit of the Owners of all Bonds at the time Outstanding equally and ratably and without preference or distinction as between Bonds of a different series, installments or maturities.

Section 4.04. Construction Account.

There shall be deposited in the Bonds Proceeds Series-Construction Account (hereinafter referred to as the "Construction Account"), which is hereby created, the proceeds of all Bonds required to be so deposited by the Series Resolution authorizing the Series of Bonds. There may also be deposited to the credit of the Construction Account any money received from any other source for paying the cost of the Hospital Project described in such Series Resolution. The money in the Construction Account shall be held in trust and applied to the payment of the cost of the Hospital Project or the Additional Facilities as the case may be, and pending such application, shall be subject to a lien and charge in favor of the Owners of the Bonds issued and Outstanding under the Resolution until paid out or transferred as herein provided.

The Construction Account shall be maintained in the State Treasury of the Commonwealth of Kentucky. Disbursements from said account shall be made solely for defraying the costs of the Hospital Project in accordance with procedures prescribed by the State Treasurer. Moneys therein not required for immediate disbursement for the purposes of said account shall be invested and reinvested until needed and shall be invested solely in investments which are legal investments for agencies of the Commonwealth and as designated in a Series Resolution. All investment income shall be deposited to the credit of the Construction Account unless otherwise provided in a Series Resolution.

Section 4.05. Depreciation Reserve Fund.

(a) To the extent that the Board (i) is not subject to the provisions of any federal or state law or regulation pursuant to which principal of and interest on Long-Term Indebtedness are reimbursable to providers of health care services, and (ii) receives third-party payor reimbursement on account of capital expenditures in the form of an allowance for depreciation and principal payments are at any time projected to exceed such reimbursement for depreciation, the Board shall establish and maintain with the State Treasurer a Depreciation Reserve Fund; provided, however, that if no law requires such funds to be held by the State Treasurer, with the consent of the State Treasurer, the Depreciation Reserve Fund may be held by the Board.

(b) The Depreciation Reserve Fund Requirement for each Fiscal Year will be determined from a schedule of depreciation and principal requirements caused to be prepared by the Board within 30 days prior to the beginning of such Fiscal Year.

Each such schedule of depreciation and principal requirements shall contain the following:

(1) The depreciation on all Property, Plant and Equipment of the Operations of the Hospital, assuming no further capital expenditures from the time of calculation, for each Fiscal Year commencing with the Fiscal Year next succeeding that in which the schedule is prepared, as calculated in accordance with generally accepted accounting principles and based upon the most recent Financial Statements, together with the depreciation on depreciable assets acquired during the period from the last Financial Statements to the date of calculation.

(2) The principal requirements on Long-Term Indebtedness for each Fiscal Year described in clause (1) above assuming no further issuance of Long-Term Indebtedness and no further reduction in any mandatory redemption requirements for Outstanding Long-Term Indebtedness from the date of calculation (the "Principal Requirements").

(3) A comparison of depreciation, as shown in (1) above, and the Principal Requirements, as shown in (2) above, showing (A) the Fiscal Years in which depreciation exceeds the Principal Requirements ("Excess Depreciation Years") and for each Excess Depreciation Year the amount by which depreciation exceeds the Principal Requirements ("Excess Depreciation") and (B) the Fiscal Years in which the Principal Requirements exceed depreciation ("Depreciation Shortfall Years") and for each Depreciation Shortfall Year the amount by which the Principal Requirements exceed depreciation ("Depreciation Shortfall").

(4) In any Fiscal Year that is an Excess Depreciation Year, one-half (½) of the excess of depreciation over the Principal Requirements (the "Depreciation Reserve Fund Requirement").

(c) Money held for the credit of the Depreciation Reserve Fund shall be applied as follows:

(1) During a Depreciation Shortfall Year the State Treasurer shall transfer from the Depreciation Reserve Fund to the Revenue Fund, an amount equal to the pro rata portion of the Depreciation Shortfall attributable to the Bonds for such Depreciation Shortfall Year and, upon delivery to the State Treasurer of an Officer's Certificate of the Board stating the principal amount due on other Long-Term Indebtedness for such Depreciation Shortfall Year, the date such principal amount is due and that such principal amount has not been paid from any other source, to the Revenue Fund an amount

equal to the pro rata portion of the Depreciation Shortfall attributable to such other Long-Term Indebtedness for such Depreciation Shortfall Year.

(2) If, at any time, money held for the credit of the Revenue Fund should be insufficient to pay the principal and interest on the Bonds when due and payable, the Board shall cause to have transferred (except as limited by the provisions of any Series Resolution) from the Depreciation Reserve Fund to the Bond Fund an amount sufficient to make up any deficiency, and if at any time the Board should be unable to make payments of principal and interest on other Long-term Indebtedness when due and payable upon delivery to the State Treasurer of an Officer's Certificate stating the amount of such principal and interest, that such principal and interest have not been paid from any other source and that no funds are available to make such payments, the State Treasurer shall transfer from the Depreciation Reserve Fund to the Trustee or the Board for the other Long-Term Indebtedness, an amount sufficient to make such payments.

(3) The Board may withdraw from the Depreciation Reserve Fund money to provide working capital in an aggregate principal amount not to exceed in any Fiscal Year an amount equal to 15% of Total Operating Revenues for the most recent Fiscal Year for which Financial Statements are available; provided, however, that at least once in each 13-month period there shall be an intervening period of not less than thirty (30) consecutive days during which no such transfer shall be outstanding.

(4) For so long as there shall be no event of default under the provisions of the Resolution, the Board may use all or a portion of the amount on deposit in the Depreciation Reserve Fund to pay the cost of the acquisition or construction by the Board in the operation of the Hospital of assets which are subject to the allowance for depreciation, provided that such cost has not previously been paid from the Depreciation Reserve Fund.

(d) Notwithstanding any other section hereof or any provision of any Series Resolution, the Board may provide for the amendment of Section 402(e) to provide that (1) the percentage of the Depreciation Reserve Fund Requirement to be deposited in the Depreciation Reserve Fund may be reduced to any percentage thereof (including zero) and/or (2) amounts in the Depreciation Reserve Fund may be transferred to the Board without restriction if the Board:

(1) reasonably determines that such deposits can be reduced or eliminated and/or such transfer made, as the case may be, because of a change in reimbursement rules from third-party payors relating to depreciation, the availability of funds from other sources adequate to ensure payment of principal of all Bonds or any other reason, determined by the Board in its sound discretion, with due regard to the Operations of the Hospital and the Board's obligation to provide for payment of the principal of the Bonds;

(2) provides written notice to the State Treasurer of such determination and of the percentage, if any, of the Depreciation Reserve Fund Requirement to be deposited thereafter in the Depreciation Reserve Fund and/or the amount of transfers to be made; and

(3) pursuant to Section 7.01, the Board adopts a supplemental resolution amending Section 4.02(e) to state the percentage, if any, of the Depreciation Reserve Fund Requirement thereafter to be deposited in the Depreciation Reserve Fund and/or providing for transfers from the Depreciation Reserve Fund.

Section 4.06. Investment Income.

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

ARTICLE V. CONCERNING THE TRUSTEE, PAYING AGENTS AND REGISTRAR

Section 5.01. Appointment and Duties of Trustee.

In the Series Resolution authorizing the issuance of the initial Series of Bonds, the Board shall appoint a Trustee and so long as any Bonds are Outstanding under the Resolution, the Trustee so appointed or a successor Trustee appointed in the manner as hereinafter provided shall be the Trustee under the Resolution. The Trustee shall (i) authenticate all Bonds issued under the Resolution, (ii) serve as Paying Agent for the payment of the principal and interest on the Bonds and the redemption price upon redemption of the Bonds prior to maturity, (iii) serve as Registrar for the registration, exchange and transfer of the Bonds, (iv) serve as depository of the Bond Fund and any other trust funds created pursuant to a Series Resolution for deposit with the Trustee; invest and reinvest the assets of the funds held in trust by the Trustee as required by the Resolution or as directed by the Board or its designee; (v) upon a declaration of an event of default, take whatever action as may be authorized by the Resolution and applicable law to enforce the rights of Bondowners; and (vi) perform such other duties of a trustee as may be required by a Series Resolution to which the Trustee has consented.

Section 5.02. Reliance on Board by Trustee.

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

Section 5.03. Acceptance by Trustee; Compensation; Limitation on Responsibility.

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

Section 5.04. Trustee May Buy Bonds.

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

Section 5.05. Resignation of Trustee.

The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing given to the Board and, if any Bonds have been issued as bearer bonds without registration, published at least once in a newspaper or financial journal of general circulation in each of the cities of Louisville, Kentucky, and New York, New York, and mailed by regular first class mail to the registered Owners of the Bonds at the address of such Owner as shown on the registration books of the Registrar, at least thirty (30) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee, if such new Trustee be appointed and qualified before the time limited by such notice. The Trustee may be removed at any time by a resolution duly adopted by the Board or by an instrument in writing signed by the Owners of not less than the majority of the principal amount of the Bonds then Outstanding.

In case at any time the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting, or the offices of the Trustee shall be taken over by any governmental official or board, or if the position of the Trustee shall become vacant for any reason, a successor shall be appointed by the Board and unless such appointment be made within ten (10) days after the vacancy shall have occurred, the Owners of a majority in principal amount of the Bonds then Outstanding may make such appointment by an instrument in writing signed by such Owners and filed with the Board. Any Trustee originally appointed or thereafter appointed shall be a trust company or bank having trust powers, authorized to and doing business from a principal

office in Kentucky. The Board shall give notice of any such appointment by mailing a copy thereof by regular first class mail to the registered Owners of the Bonds at the address of such Owners as shown on the registration books of the Registrar, and if any Bonds have been issued as bearer bonds without registration, such notice shall be published at least once in a newspaper or financial journal of general circulation in each of the Cities of Louisville, Kentucky and New York, New York, at least thirty (30) days before such appointment is to take effect, but such appointment shall take effect immediately upon the appointment, and shall not be limited by such notice.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Board, or of its successor, execute and deliver any instrument transferring to such successor Trustee, all the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents and records held by it to its successor; provided, however, that before any such delivery is required or made all fees and expenses of such predecessor shall be paid in full. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will on request be executed, acknowledged and delivered by the Board.

Section 5.06. Successor Trustee and Paying Agent.

Any bank or trust company with or into which the Trustee or any Paying Agent may be merged or consolidated, or to which the assets and business of such Trustee or Paying Agent may be sold, shall be deemed the successor of such Trustee or Paying Agent for the purposes of this Resolution.

ARTICLE VI. COVENANTS OF BOARD

Section 6.01. Rates and Charges.

The Board covenants that it will, subject to Government Restrictions, fix, charge and collect, or cause to be fixed, charged and collected, rates, fees and charges for the use of and for the services furnished or to be furnished by the Hospital which will be sufficient to produce Income Available for Debt Service which will in each Fiscal Year, commencing with the Fiscal Year beginning July 1, 1986, be not less than one hundred ten percent (110%) of the maximum annual Principal and Interest Requirements.

The Board further covenants that if in any Fiscal Year Income Available for Debt Service shall be less than the amount required under the above paragraph, it will, within thirty (30) days of the receipt of the annual Financial Statements of the operation of the Hospital, retain a Consultant to

make recommendations as to a revision of such rates, fees and charges or the methods of operation of the Hospital, which will result in producing the amount so required as soon as practicable, and a copy of such request and recommendations shall be filed with the State Treasurer. The Board covenants that promptly upon its receipt of such recommendations it shall review and consider such recommendations.

If the Board shall comply with all such recommendations, the failure of the Income Available for Debt Service to meet the requirements of the first paragraph of this Section will not constitute an event of default under the Resolution so long as the Revenues shall not be less than the amount required in cash to pay the Operating Expenses of the Hospital and to pay the debt service on all Indebtedness attributable to the operation of the Hospital for the Fiscal Year in which such recommendations were made.

Section 6.02. Restrictions on Liens; Parity Liens.

The Board covenants that it will not create or suffer to be created (i) any lien or charge upon the Revenues senior to or on a parity with the lien of the Owners of the Bonds, or (ii) any lien or charge upon the Hospital or any part thereof other than (A) the statutory mortgage lien created pursuant to Sections 162.350 and 162.200 of the Kentucky Revised Statutes on certain buildings used by the Board for educational purposes to secure payment of all University of Kentucky Consolidated Educational Buildings Revenue Bonds now outstanding and hereafter issued, and (B) a security interest created in connection with a Credit Facility Agreement, purchase money security interests and other security interests in any equipment or other goods granted to the sellers or lessors thereof, and security interests securing Indebtedness which is required, in accordance with generally accepted accounting principles, to be reflected on the Financial Statements, in an amount not exceeding 10% of Total Operating Revenues for the most recent period of twelve (12) full consecutive calendar months for which the Financial Statements were reported on by the Auditor of the Commonwealth or an independent certified public accountant or firm of certified public accountants and that, from the Revenues or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Hospital or any part thereof or the Revenues; provided, however, that nothing shall require the Board to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and so long as any execution on the Hospital or the Revenues, or any part thereof, is appropriately stayed.

Notwithstanding the above, the Board reserves the right to incur Parity Indebtedness for any purpose for which Bonds may be issued under the Resolution, provided that the provisions of the Resolution are complied with by the Board in the same manner and to the same extent as if the Board were issuing an additional Series of Bonds.

Section 6.03. Hospital Professional Liability Insurance.

So long as any of the Bonds are Outstanding, the Board covenants to maintain a medical professional liability self-insurance fund or a commercial policy of medical professional liability insurance, or a combination of self-insurance and commercial medical professional liability insurance in limits of not less than $1,000,000 for each claim and $3,000,000 in the aggregate (excluding any umbrella coverage) or such additional amounts as may be provided in a Series Resolution. Any fund for self-insurance against medical professional liability (which fund may be a combination of commercial insurance and self-insurance) shall be (i) in compliance with the Medicare Provider Reimbursement Manual of the United States Department of Health and Human Services, Social Security Administration, or its successor rules or regulations, for so long as the Hospital is a participant in the Medicare Provider Program, (ii) held by a trustee in a segregated account solely for payment of such medical professional liability claims, (iii) reviewed annually by an independant actuary who will provide a report thereof to the Board, and which shall provide for actuarially sound reserves. In the event the Board shall terminate such self-insurance fund and obtain commercial insurance, such fund shall thereafter be maintained on an actuarially sound basis in accordance with the report of the independent actuary.

Section 6.04. Other Insurance.

The Board covenants that it will procure and maintain, to the extent available, fire and extended coverage insurance on the Hospital in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed 80% of the full insurable value of the Hospital. If the Board implements a self-insurance program as to the Hospital, the Board shall appoint a Consultant who shall review the Hospital's insurance coverage on an annual basis and make recommendations in regard thereto and the Board shall comply with such recommendations within thirty (30) days after such recommendations have been made.

The proceeds of such insurance shall be available for, and shall to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the applicable Construction Account if such damage or destruction is to a Hospital Project then under construction or to the Revenue Fund, subject to any restrictions on investment as may be imposed by the Code. If such proceeds, with other available funds, shall be insufficient for such purpose, such proceeds shall be deposited to the credit of a special Redemption Fund to be established with the Trustee and used to purchase or redeem Bonds, or shall be used to repair, replace or reconstruct the damaged or destroyed property, as the Board, by resolution, may determine.

Section 6.05. Maintain Hospital.

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

Section 6.06. Compliance With Resolution.

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

Section 6.07. Records and Accounts.

The Board covenants that it will keep accurate financial records and proper books relating to the operation of the Hospital, and such records and books shall be open to inspection by the Owners of the Bonds and their agents and representatives. It further covenants that not later than ninety (90) days after the close of each Fiscal Year it will furnish to the State Treasurer, and to any Owner of Bonds who shall request the same in writing, copies of Financial Statements prepared by an independent certified public accountant, or a firm of independent certified public accountants, or by the Auditor, reflecting in reasonable detail the financial condition and record of operation of the Hospital, and the Revenues during the preceding Fiscal Year.

Section 6.08. Rights of Owners Not To Be Impaired.

The Board covenants that no contract or contracts will be entered into or any action taken by which the rights of the Owners might be impaired or diminished.

Section 6.09. Further Instruments and Actions.

The Board covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Resolution.

Section 6.10. Tax Covenants.

The Board shall not use or permit the use of any proceeds of Bonds or any other funds of the Operations of the Hospital, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as an "industrial development bond" within the meaning of Section 103(b) of the Code.

The Board shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Bonds or any of them will be exempt from federal income taxes and shall take no action that would result in such interest not being exempt from federal income taxes.

ARTICLE VII. SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

Section 7.01. Series Resolutions.

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

(1) To provide for the issuance of a Series of Bonds or Parity Indebtedness and to prescribe the terms and conditions pursuant to which such Series may be issued, paid or redeemed;

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

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

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

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

(6) To cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions

arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

(7) To provide for the issuance of coupon or uncertificated Bonds pursuant to the Resolution;

(8) To provide for the financing of any project permitted by the Act and the pledging of the Net Revenues, provided that subsequent to such financing or pledge the Board shall be in compliance with all the terms, covenants and provisions of the Resolution;

(9) To provide for alteration or elimination of payments to the Depreciation Reserve Fund and/or transfers of funds in the Depreciation Reserve Fund; and

(10) To make any other provision with respect to matters or questions arising under the Resolution, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Resolution, if in a written opinion delivered to the Board by counsel nationally recognized in matters concerning municipal bonds such supplemental resolution shall not adversely affect or prejudice the interest of the Owners of the Bonds or the holders of Parity Indebtedness.

The consent of the Owners of Bonds Outstanding or holders of Parity Indebtedness shall not be required (a) in order to adopt a Series Resolution providing for the issuance of Bonds or obligations of another Series, or (b) for the issuance of any other obligations payable from the Revenues subordinate and junior to the Bonds and Parity Indebtedness.

Section 7.02. Modifications, Alterations and Amendments to Resolution.

The provisions of the Resolution shall constitute a contract between the Board and the Owners of the Bonds Outstanding and holders of Parity Indebtedness; provided that modifications, alterations and amendments of the Resolution and of the rights and obligations of the Board and of the Owners of such Bonds Outstanding and the holders of Parity Indebtedness may be made as provided in this Section.

Subject to the terms and provisions contained in the Resolution, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of all Bonds then Outstanding and all Parity Indebtedness shall have the right, from time to time, anything contained in the Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental thereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution; provided, however, that the following modifications, alterations or amendments are not permitted: (a) an extension of the maturity of the principal of or the interest on any Bond or Parity Indebtedness issued hereunder, or (b) a reduction in the principal

amount of any Bond or Parity Indebtedness or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Net Revenues superior or equal to the lien and pledge created by the Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds or Parity Indebtedness, (e) the issuance of Indebtedness payable from Net Revenues senior to or on a parity with the Bonds and Parity Indebtedness, or (f) a reduction in the aggregate principal amount of the Bonds and Parity Indebtedness required for consent to such supplemental resolution. Series Resolutions, as described above, however, are permitted.

ARTICLE VIII. DEFAULTS; REMEDIES

Section 8.01. Events of Default.

The following events are "events of default" under the Resolution:

(a) due and punctual payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; provided, however, that failure to purchase or pay on any purchase date any Bonds which shall be subject to purchase at the demand of the Owner thereof shall be an event of default only if so provided in the Series Resolution pursuant to which such Bonds were authorized; or

(b) due and punctual payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) due and punctual payment of any installment of principal and interest on any Parity Indebtedness shall not be made when the same shall become due and payable; or

(d) the Board shall unreasonably delay or fail to carry on with reasonable dispatch the construction of the Hospital Project or any Additional Facilities for which Bonds and Parity Indebtedness shall be issued under the provisions of the Resolution unless the Board shall receive an opinion from a Consultant that such delay does not adversely affect the Owners of the Bonds and holders of Parity Indebtedness; or

(e) abandonment of the Hospital or any substantial portion thereof or the discontinuance of the operations therein for a period of thirty (30) days, except as such abandonment or discontinuance is permitted by the Resolution; or

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

(g) the maturity of any Indebtedness the principal amount of which exceeds $1,000,000 shall be accelerated as a consequence of a default thereon or in respect thereto; or

(h) the Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, any Parity Indebtedness or in the Resolution on the part of the Board to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Board by the Owners of Bonds or holders of Parity Indebtedness of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding.

The provisions of subsections (c), (d) and (e) of this Section are subject to the following limitation: If by reason of force majeure the Board is unable in whole or in part to carry out any of such agreements, the Board shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; acts of public enemies; order or restraints of any kind of the government of the United States of America or any of the states thereof or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; fires; landslides; earthquakes; storms; floods; explosions; and any other cause or event not reasonably within the control of the Board. The Board agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Board from carrying out its agreement, provided that the settlement of strikes shall be entirely within the discretion of the Board, and the Board shall not be required to make a settlement of a strike, by acceding to the demands of the opposing party or parties when such course is in the judgment of the Board unfavorable to the Board.

The declaration of an event of default and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Section 8.02 Acceleration of Payment

Upon the happening and continuance of any event of default specified in Section 8.01 hereof, then and in every such case the Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall, by a notice in writing to the Board, declare the principal of all the Bonds then Outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Resolution or any Series Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the

Resolution, moneys shall have accumulated in the Bond Fund sufficient to pay all arrears of interest, if any, upon all the Bonds then Outstanding (except the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and all arrearages in payments, if any, on Parity Indebtedness have been satisfied, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution or any Series Resolution (other than default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall, by written notice to the Board, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 8.03. Remedies Upon Default.

Upon the happening and continuance of any event of default specified in Section 8.01 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifteen percent (15%) in principal amount of the Bonds then Outstanding hereunder shall proceed to protect and enforce its rights and the rights of the Owners of the Bonds under the laws of the Commonwealth or under the Resolution or any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Resolution or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

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

Section 8.04. Pro Rata Application of Revenue Fund.

Anything in this Resolution to the contrary notwithstanding, if at any time the Revenues in the Revenue Fund shall not be sufficient to pay the interest on or the principal of the Bonds and Parity Indebtedness as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds and Parity Indebtedness shall not have become due and payable, all such moneys shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and in the Parity Indebtedness;

second: to the payment of the principal of the Bonds and the Parity Indebtedness, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions of this Section, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer, in his sole discretion, shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Board, to the Owners of Bonds or holders of Parity Indebtedness, or to any other persons for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the State Treasurer. Whenever the State Treasurer shall exercise such discretion in applying such moneys, he shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The State Treasurer shall give such notice as he may deem appropriate of the fixing of any such date and shall not be required to make payment to the Owner of any Bond or holder of any Parity Indebtedness until such Bond or evidence of Parity Indebtedness shall be surrendered to the State Treasurer for appropriate endorsement, or for cancellation if fully paid.

Section 8.05. Right of Bondowners to Direct Proceedings.

Anything in the Resolution to the contrary notwithstanding, the Owners of a majority in principal amount of the Bonds at the time Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners of the Bonds not parties to such direction.

Section 8.06. Remedies Vested in Trustee.

All rights of action under the Resolution or under any of the Bonds secured hereby enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto. Any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the Owners of such Bonds, subject to the provisions of the Resolution. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 8.07. Restrictions on Rights and Remedies of Bondowners.

No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for any remedy afforded by the Resolution unless such Owner shall have previously given to the Trustee written notice of an event of default as hereinbefore provided, nor unless also the Owners of twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its or their name, nor unless also there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right hereunder except in the manner herein provided. However, nothing contained in the Resolution shall affect or impair the right of any Owner to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Board to pay the principal of and premium, if any, and interest on any Bond issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner expressed in any Bond.

Section 8.08. No Remedy Exclusive.

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

Section 8.09. No Delay or Omission Construed To Be a Waiver.

No delay or omission of any Owner of Bonds to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Owner of Bonds may be exercised from time to time as often as may be deemed expedient.

ARTICLE IX. MISCELLANEOUS PROVISIONS

Section 9.01. All Covenants Binding on Successors and Assigns.

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

Section 9.02. Defeasance.

If, when (a) the Bonds shall have become due and payable in accordance with their terms or shall have been duly called for redemption, or (b) irrevocable instructions to pay such Bonds at their respective maturities or to call such Bonds for redemption shall have been given by the Board to the Trustee, the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds then Outstanding shall be paid or sufficient moneys, or Defeasance Obligations, the principal of and interest on which, when due upon maturity or a specified redemption date (if such obligations are subject to redemption prior to maturity), will provide sufficient moneys, shall be held by the Paying Agents for such purpose under the provisions of the Resolution and the Series Resolution under which such Bonds were issued, and provision shall also be made for paying all other sums payable thereunder by the Board, then and in that case the right, title and interest of the Owners of such Bonds in the Net Revenues and the funds and accounts mentioned in the Resolution shall thereupon cease, determine and become void. If all the Bonds of all Series issued under the Resolution shall have been paid or provided for, the Board shall have obtained from nationally recognized municipal bond counsel experienced in bankruptcy matters an opinion that the setting aside of such moneys or securities shall not constitute an avoidable preference with respect to the Board under the United States Bankruptcy Code, the Board in such case shall repeal and cancel the Resolution and may apply any surplus in any account in the Sinking Fund and all balances remaining in any other funds or accounts other than moneys held for the redemption or payment of

Bonds to any lawful purpose of the Board as the Board shall determine; otherwise the Resolution shall be, continue and remain in full force and effect; provided, however, that in the event Defeasance Obligations shall be deposited with and held by the Trustee as hereinabove provided, and in addition to the requirements set forth in any Series Resolution, the Trustee shall, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, cause a notice signed by the Trustee to be (i) published once in a daily newspaper of general circulation published in the City of Louisville, Kentucky, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, and (ii) mailed, postage prepaid, to all Owners at their addresses as the same appear in the registration books maintained pursuant to the Resolution, setting forth (a) the date designated for the redemption of the Bonds, (b) a description of the obligations so held by it, (c) that the applicable Series Resolution, or this Resolution, as appropriate, has been repealed and cancelled in accordance with the provisions of this Section, (d) the Trustee and the Paying Agent shall nevertheless retain such rights, powers and privileges under this Resolution as may be necessary and convenient in respect of the Bonds for the payment of the principal of and premium, if any, and interest on which such Defeasance Obligations have been deposited, and (e) the Trustee shall retain such rights, powers and privileges under this Resolution as may be necessary or convenient for the registration of transfer and exchange of Bonds.

All moneys and obligations held by the Trustee pursuant to this Section shall be held in trust and the principal and interest of said obligations when received, shall be applied to the payment, when due, of the principal and the interest and the premium, if any, of the Bonds so called for redemption.

All moneys and obligations so held by the Paying Agents shall be held in trust and the principal and interest of said obligations when received, and said moneys shall be applied to the payment, when due, of the principal and the interest and the premium, if any of the Bonds so called for redemption.

Section 9.03. Non-Tendered Bonds.

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

Section 9.04. Effect of Covenants.

All covenants, stipulations, obligations and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Board to the full extent permitted by the Constitution of the Commonwealth. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time of the Board or of the Operations of the Hospital and upon any officer, board, body, corporate entity or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, agent or employee of the Board and the Board, in its individual capacity, and neither the Governor of the Commonwealth, the State Treasurer nor the members of the Board or of any other agency of the Commonwealth, nor any officer thereof, present or future, executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 9.05. Execution of Instruments; Proof of Ownership.

Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Owners of Bonds may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Board and the Trustee with regard to any action taken by them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proven by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Bonds hereunder by any Owner and the amount and the numbers of such Bonds and the date of his acquiring the same (unless such Bonds be bearer bonds) shall be proven by the registration books kept under the provisions of this Resolution.

Section 9.06. Manner of Giving Notice.

Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the

Board or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered mail, return receipt requested:

(a) if to the Board: _____
_____
_____
_____

(b) if to the Trustee: _____
_____
_____
_____

Any such notice, demand, direction or request may also be transmitted to the appropriate above-mentioned party by telex, telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change being sent by United States registered mail, postage prepaid, to each of the other named parties by the party effecting the change.

If, because of the temporary or permanent suspension of publication of any newspaper, financial journal or suspension of the mails or for any other reason, the Board, the Trustee or any other party shall be unable to give any notice required to be published or mailed by the provisions of this Resolution, the Board, the Trustee or such other party, as the case may be, shall give such notice in such other manner as in its judgment shall most effectively approximate such publication thereof, and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be compliance with the requirement for the publication thereof.

Section 9.07. Severability.

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

Section 9.08. Applicable Law.

The Resolution shall be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.09. Resolutions in Conflict Repealed.

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

Section 9.10 Effective Date.

This Resolution shall take effect immediately upon its adoption.

Adopted: _____, 1986.

(SEAL)

_____
Chairman

Attest:

_____
Secretary, Board of Trustees

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, and as such officer I further certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the members of said Board at a meeting properly held on June 25, 1986, has been duly executed and is now in full force and effect, as appears in the official records of said Board in my possession and under my control.

I further certify that said meeting held on June 25, 1986, was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

WITNESS my hand this ____ day of _____, 1986.

_____
Secretary of the Board of Trustees

SERIES RESOLUTION

OF THE

BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

AUTHORIZING THE ISSUANCE OF

UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A

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A RESOLUTION AUTHORIZING THE ISSUANCE OF $25,000,000 OF UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A, OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

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

A RESOLUTION CREATING AND ESTABLISHING A HOSPITAL PROJECT OF THE UNIVERSITY OF KENTUCKY; CREATING AND ESTABLISHING AN ISSUE OF UNIVERSITY OF KENTUCKY HOSPITAL 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 on June 25, 1986 (hereinafter referred to as the "Master Resolution"), has created and established an issue of University of Kentucky Hospital Revenue Bonds of the Board of Trustees of the University of Kentucky; and

WHEREAS, the Master Resolution authorizes the issuance by said Board of said Bonds in one or more series pursuant to a resolution authorizing such series; and

WHEREAS, the Board has determined that it is in the best interests of the Board to issue at this time the initial series of Bonds to be designated "University of Kentucky Hospital Revenue Bonds, Series A";

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

ARTICLE I. AUTHORITY AND DEFINITIONS.

Section 1.01. Authority.

This Series A Resolution (hereinafter referred to as the "Series A Resolution") is adopted pursuant to Section 2.02 of the Master Resolution and the provisions of Sections 58.010 through 58.140, et seq., of the Kentucky Revised Statutes.

Section 1.02. Definitions.

All words and terms which are defined in the Master Resolution shall have the same meanings, respectively, in this Series A Resolution as such terms are given in the Master Resolution. In addition to the words and terms defined in the Master Resolution, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"BOARD CONTRIBUTION" means the amount to be contributed by the Board to fund the cost of the Series A Hospital Project over and above the amount of Series A Bond proceeds available for such costs.

"BOND COUNSEL" means such legal counsel whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"DEBT SERVICE RESERVE ACCOUNT" means that account created in Section 5.01.

"INTEREST PAYMENT DATE" means February 1 and August 1 of each year.

"ISSUER" means the Board.

"MASTER RESOLUTION" means the Resolution adopted by the Board on June 25, 1986.

"OFFICER'S CERTIFICATE" means a certificate executed and delivered by the Chairman, the Secretary or the Treasurer of the Board.

"PERMITTED INVESTMENTS" means investments of funds on deposit in the various funds created or confirmed herein, and includes the following:

(a) Obligations of the United States Government or any of its agencies fully guaranteed as to principal and interest by the United States Government;

(b) Certificates of Deposit (CD's) issued by banks, which are insured by FDIC, which CD's in excess of the amount insured by FDIC shall be secured by a pledge of obligations of the United States Government or any of its agencies, provided that the market value of the pledged securities shall be maintained, and when necessary, revised, not less often than semiannually, based on current market appraisals, at a level at least equal to 105% of the face amount of the CD's, less the amount insured by FDIC;

(c) A pool or fund having total assets of more than $100,000,000, made up entirely of United States Government obligations or obligations guaranteed both as to principal and interest by the United States Government; or

(d) Repurchase agreements for United States Government Obligations, evidenced by physical possession or safekeeping receipts of a Federal Reserve Bank or a branch thereof.

"PRINCIPAL PAYMENT DATE" means the first day of August of each year, commencing August 1, 1990.

"RESERVE ACCOUNT" means the Debt Service Reserve Account for the Series A Bonds in the Bond Fund.

"RESERVE ACCOUNT REQUIREMENT" means the lesser of the maximum amount of principal and interest due on the Series A Bonds in any twelve (12) calendar month period, or 125% of the average annual debt service on the Series A Bonds.

"SERIES A BONDS" means the Bonds authorized by this Series A Resolution.

"SERIES A HOSPITAL PROJECT" means the construction, renovation and equipping of improvements to the University of Kentucky Hospital, including: (i) constructing a four-story addition to house replacement surgical facilities, clinical laboratories, emergency services and thirty (30) intensive care beds, (ii) renovating the central sterile and pharmacy services, (iii) improving the emergency power systems, fire alarms, heating, ventilation and air conditioning and water systems, and (iv) constructing a transport tower and an enclosed pedestrian walkway.

"SERIES A RESOLUTION" means this Resolution authorizing the issuance of the Series A Bonds.

ARTICLE II. AUTHORIZATION OF SERIES A BONDS.

Section 2.01. Authorization.

Pursuant to the provisions of the Master Resolution, there is hereby authorized to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity, an initial series of Bonds in the aggregate principal amount of TWENTY-FIVE MILLION DOLLARS ($25,000,000). Such Bonds shall be designated as "University of Kentucky Hospital Revenue Bonds, Series A." Said Series A Bonds are hereby declared to have been authorized under the Master Resolution and in conformity with the provisions thereof.

Section 2.02. Purpose.

Said Series A Bonds are being issued for the purpose of paying the costs (to the extent not otherwise provided) of the Series A Hospital Project which, when erected, will become and constitute parts of the Hospital.

Section 2.03. Description.

The Series A Bonds shall be issued as registered bonds in denominations of $5,000 or any whole multiple thereof, shall be dated August 1, 1986, shall be numbered from R-1 upward, and shall bear interest payable semiannually on February 1 and August 1 of each year at rates of interest fixed as a result of the advertised sale and competitive bidding for said Series A Bonds, as hereinafter provided. The Series A Bonds shall be scheduled to become due and payable on August 1 of each of the years, as follows:

Year of Maturity	Principal Amount
1987	$
1988	
1989	
1990	
1991	
1992	
1993	
1994	
1995	
1996	
1997	
1998	
1999	
2000	
2001	
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	

Section 2.04 Place and Manner of Payment of the Bonds.

Each Series A Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date on which such Series A Bond is authenticated unless it is authenticated on an Interest Payment Date to which interest has been paid, in which event it shall bear interest from such date, or if it is authenticated prior to the first Interest Payment Date, it shall bear interest from the date of issue, until maturity or earlier redemption of such Series A Bond.

The principal of and redemption premium, if any, on any Series A Bond shall be payable upon maturity or prior redemption to the Owner or his assigns upon surrender of the Series A Bond to the Trustee at the principal corporate trust office of the Trustee. The interest on any Series A Bond, when due and payable, shall be paid to the Owner registered as the Owner on the Record Date, by check or draft mailed to such Owner at such Owner's address last appearing on the registration books of the Registrar or at such other address as is furnished to Trustee in writing by such Owner. All payments of principal, redemption premium, if any, and interest on the Series A Bonds shall be payable in lawful money of the United States of America.

Section 2.05. Execution; Limited Obligation.

The Series A Bonds shall be executed in the name and on behalf of the Issuer by the manual or facsimile signature of its Chairman and the seal of

the Issuer or a facsimile thereof shall be impressed, imprinted or otherwise reproduced thereon and attested to by the manual or facsimile signature of its Secretary. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Series A Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Series A Bonds shall not be general obligations of Issuer but limited obligations payable solely from the amounts pledged therefor by the Master Resolution. Neither Issuer, the Commonwealth, nor any other political subdivision of the Commonwealth shall be obligated to pay the principal of such Bonds or the interest thereon or other costs incident thereto except from the moneys pledged therefor. Neither the faith and credit nor the taxing power of Issuer, the Commonwealth, or any political subdivision of the Commonwealth is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto.

Section 2.06. Authentication.

No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Series A Resolution or the Master Resolution unless and until a certificate of authentication on such Bond shall have been duly executed by Trustee, and such executed certificate of Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Series A Resolution and the Master Resolution.

Section 2.07. Delivery of Bonds and Bond Proceeds.

At any time on and subsequent to the execution and delivery of this Series A Resolution to the Trustee, Issuer may execute and deliver to Trustee and Trustee shall authenticate the Series A Bonds and deliver them to the purchaser as the Issuer may direct upon the filing with the Trustee of the following:

A copy, duly certified by the Secretary of the Issuer, of the Series A Resolution authorizing the issuance of the Series A Bonds.

A request and authorization to Trustee on behalf of Issuer to authenticate and deliver the Series A Bonds to the purchasers therein identified upon payment to Trustee, but for the account of Issuer, of a sum specified in such request and authorization.

A certificate from a Consultant that the Net Revenues are sufficient to produce Income Available for Debt Service of not less than 110% of Principal and Interest Requirements.

The approving opinion, dated as of the closing time, of Bond Counsel, stating, among other things, that the Series A Bonds are valid and legally binding obligations of the Issuer, enforceable in accordance with their terms and the terms of the Series A Resolution and the Master Resolution, secured in the manner provided in the Series A Resolution and the Master

Resolution; that the receipt of interest on the Series A Bonds is exempt from present federal and Kentucky income taxation under existing laws, regulations, court decisions and administrative rulings; and that the Series A Bonds are exempt from ad valorem taxation by the Commonwealth and all of its political subdivisions; provided, however, that the opinion may be subject to the qualification that the rights and remedies set forth in the Series A Resolution, the Master Resolution, the Series A Bonds and other related documents may be limited by bankruptcy, reorganization and other laws of general application and equitable principles relating to or affecting the enforcement of creditors' rights.

Such additional certificates, opinions of counsel, instruments or other documents as Bond Counsel and the purchaser may reasonably require to evidence, as of the time of closing, the due performance and satisfaction by the Issuer and the Trustee at or prior to such time of all agreements required to be performed and all conditions required to be satisfied by the Issuer and the Trustee, including any documents required by the Code to be executed by the Issuer.

Upon compliance with the foregoing requirements, the proceeds of the Bonds shall be applied as provided in Article IV hereof.

Section 2.08. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners.

Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Series A Resolution to be kept by Trustee, which is hereby constituted and appointed the Bond Registrar for the Series A Bonds. Upon surrender for transfer of any fully registered Bond at the principal corporate trust office of Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, Issuer shall execute and Trustee shall authenticate and deliver in the name of the transferee or transferees a new registered Series A Bond or Series A Bonds of the same maturity and interest rate as the Series A Bond being surrendered for transfer for a like aggregate principal amount, bearing numbers not contemporaneously then outstanding.

Fully registered Series A Bonds may be exchanged at the principal corporate trust office of Trustee for a like aggregate principal amount of fully registered Bonds of the same maturity and interest rate of other authorized denominations. Issuer shall execute and Trustee shall authenticate and deliver Series A Bonds which the Owner making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Trustee shall not be required to transfer, exchange or substitute any Series A Bond after a Record Date and before the commencement of the next succeeding interest period. The Trustee shall not be required to register the transfer of or exchange or substitute any Series A Bond selected for redemption after the selection of such Series A Bond for redemption.

There shall be no charge to the Owner of a Series A Bond or such Owner's transferee for any such exchange or registration of transfer of such Series A Bond, and all expenses incurred by the Issuer or Trustee in connection with any such exchange or registration shall be an expense payable by the Issuer. The Trustee may require the Owner to pay any tax or other governmental charge required to be paid, with respect to such exchange or transfer.

The person in whose name a Series A Bond shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of either principal or interest on any fully registered Series A Bond shall be made only to or upon the written order of the Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series A Bond to the extent of the sum or sums so paid.

Section 2.09. Cancellation of Series A Bonds.

Whenever any Outstanding Series A Bond shall be delivered to Trustee for cancellation pursuant to the Series A Resolution, upon payment of the principal amount and accrued interest represented thereby, or for replacement pursuant to Section 2.08 or 2.10 hereof, such Bond shall be promptly cancelled by Trustee.

Section 2.10. Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Series A Bond is mutilated, lost, stolen, or destroyed, the Trustee shall authenticate and deliver a new Series A Bond of like date, maturity, and denomination to that mutilated, lost, stolen, or destroyed, provided that, in the case of any mutilated Series A Bond, such mutilated Series A Bond shall first be surrendered to Trustee, and in the case of any lost, stolen, or destroyed Series A Bond, there first shall be furnished to Trustee evidence of such loss, theft, or destruction satisfactory to Trustee, together with an indemnity satisfactory to Trustee. In the event any such Series A Bond shall have matured, Trustee, instead of issuing a replacement Series A Bond, may pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. Issuer and Trustee may charge the Owner of such Series A Bond with their reasonable fees and expenses for such service.

Section 2.11. Temporary Bonds; Single Typewritten Bonds.

Until Series A Bonds in definitive form are ready for delivery, Issuer may execute, and upon the request of Issuer, Trustee shall authenticate and deliver, subject to the provisions, limitations, and conditions set forth above, one or more Series A Bonds in temporary form, whether printed, typewritten, lithographed, or otherwise produced, substantially in the form of the definitive Series A Bonds, with appropriate omissions, variations, and insertions, and in authorized denominations. Until exchanged for Series A Bonds in definitive form, such Series A Bonds in temporary form shall be entitled to the security and benefit of the Master Resolution. Upon the

presentation and surrender of any Series A Bond or Series A Bonds in temporary form, Issuer shall, without unreasonable delay, prepare, execute, and deliver to Trustee, and Trustee shall authenticate and deliver, in exchange therefor, a Series A Bond or Series A Bonds in definitive form. Such exchange shall be made by Trustee without making any charge therefor to the Owner of such Series A Bond in temporary form.

Section 2.12. Form of Series A Bond.

The Series A Bonds and the certificate of authentication of the Trustee to be endorsed on said Series A Bonds shall be in substantially the form attached hereto as Exhibit A. All such Series A Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

Section 2.13. Advertisement for Public Sale.

The Series A Bonds shall be advertised for sale as required by Section 424.360 of the Kentucky Revised Statutes on such date and in such principal amount (not more than the principal amount authorized herein) to be determined by the President of the University of Kentucky upon the advice of J J B Hilliard, W L Lyons Incorporated, the Financial Advisor to the Board for the issuance of the Series A Bonds.

Section 2.14. Notice of Bond Sale; Bid Form; Official Terms and Conditions of Bond Sale.

The Treasurer of the University of Kentucky (who is hereby recognized and designated as the Treasurer of the Board for all purposes relating to the issuance of the Series A Bonds) is hereby authorized and directed to cause an appropriate form of a Notice of Bond Sale of the Series A Bonds to be published in the HERALD-LEADER, a legal newspaper published in Fayette County, Kentucky, THE COURIER JOURNAL (Statewide Edition), a legal newspaper published in the City of Louisville, Kentucky, which will afford statewide notice of the sale and in THE DAILY BOND 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 notice for the Board within the meaning and provisions of KRS Chapter 424. Such notices shall be published in said newspapers and financial journal at least once and shall appear not less than seven (7) days nor more than twenty-one (21) days prior to the scheduled date of sale of said Series A Bonds. Such notice shall be in substantially the form prepared by Rubin & Hays, Bond Counsel to the Board, as set forth in Exhibit B to this Series A Resolution.

The Series A Bonds shall be offered as a whole, at not less than 97-3/4% of par, plus accrued interest from the date of the Series A Bonds to the date of delivery. Only bids submitted on the Official Bid Form shall be given favorable consideration. The Official Bid Form shall be in substantially the form prepared by Bond Counsel as set forth in Exhibit C to this Series A Resolution.

The Treasurer, in conjunction with J J B Hilliard, W L Lyons Incorporated, Financial Advisor to the Board, and Bond Counsel, may cause to be prepared multiple copies of one or more Official Terms and Conditions of Bond Sale giving more complete and particular descriptions of the Series A Bonds, provisions for the security and payment thereof, disposition of bond proceeds and other information that is not feasible to give within the limits of the public Notice of Bond Sale, and may furnish copies of such Official Terms and Conditions of Bond Sale to all interested bidders upon request in substantially the form prepared by Bond Counsel, as set forth in Exhibit D to this Resolution.

The right to reject any and all bids shall be especially reserved to the Board. On the occasion set forth in such Notice of Bond Sale, the Board, or its Executive Committee, or its Finance Committee, as the case may be, shall consider all bids made pursuant to such notice, and if acceptable bids are received, award the Series A Bonds in the manner and for the purposes herein provided, establish the interest rate or rates which the Series A Bonds shall bear, and take all other necessary and proper steps in the sale and issuance of the Series A Bonds. In the event no bid is deemed acceptable, the President or the Vice President for Administration of the University of Kentucky, upon the advice of J J B Hilliard, W L Lyons Incorporated, Financial Advisor to the Board, may readvertise for bids and adopt revised Official Terms and Conditions of Bond Sale, including a revision of the principal amount of Series A Bonds offered for sale, if less than the amount authorized herein, and a revision of maturities, dates and redemption provisions.

The Financial Advisor to the Board shall prepare an "Official Statement" for the purpose of providing adequate information to prospective bidders, and the same shall be examined on behalf of the Board by the Treasurer, shall be approved by said officer prior to the use thereof in connection with the sale of the Series A Bonds, and shall be executed on behalf of the Board by the Chairman.

ARTICLE III. REDEMPTION.

Section 3.01. Limitation on Redemption.

Except as provided in this Article, the Series A Bonds shall not be subject to redemption in whole or in part.

Section 3.02. Optional Redemption of Series A Bonds.

The Series A Bonds maturing on and after August 1, 1997, shall be subject to redemption prior to maturity by the Board 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 by the Paying Agent) on any Interest Payment Date on and after August 1, 1996, at the redemption prices, expressed in percentages of the principal amount of the Series A Bonds to be redeemed, plus in each case accrued interest to the date of redemption, as set forth below:

Redemption Dates	Redemption Price
August 1, 1996, through and including August 1, 2000	103%
August 1, 2001, through and including August 1, 2004	102%
August 1, 2005, and thereafter prior to final maturity	101%

The Series A Bonds shall also be subject to redemption in whole or in part on any date, at the option of the Board, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, if all or any part of the Hospital is damaged or destroyed or taken through the exercise of the power of eminent domain; provided, hwoever, that such redemption in part may be made only if there shall be filed with the Trustee a report of a Consultant that the failure of the Board to repair, restore or replace the property damaged, destroyed or taken will not impair or otherwise adversely affect the ability of the Board to produce Income Available for Debt Service in an amount sufficient to comply with the provisions of Section 6.01 of the Master Resolution. In the event of a redemption in part pursuant to this paragraph, the Board shall redeem Series A Bonds for each maturity then Outstanding, to the extent practicable, in the proportion that the principal amount of Series A Bonds of such maturity bears to the total principal amount of Bonds issued under the Resolution and then Outstanding.

The Series A Bonds shall be called for redemption by Trustee upon receipt by Trustee at least forty-five (45) days prior to the redemption date of an Officer's Certificate directing such redemption. Such certificate shall specify the redemption date, the principal amount of the Bonds to be called for redemption and the applicable redemption prices.

The Issuer may purchase or otherwise acquire Series A Bonds and deliver such Series A Bonds to the Trustee for cancellation and receive a credit for payment of any such Series A Bonds which prior to the maturity date of such Series A Bonds have been cancelled by the Trustee. Each such Series A Bond so delivered and cancelled by the Trustee shall no longer be considered as Outstanding.

Section 3.03. Notice of Redemption.

Notice of any redemption identifying the Series A Bonds or any part thereof to be redeemed, the applicable redemption price and the provision or provisions of the Series A Resolution pursuant to which the Series A Bonds are being called for redemption, shall be given by Trustee by delivering or mailing notice of redemption by regular first class mail at least thirty (30) days prior to the date fixed for redemption to the Owners of the Series A Bonds to be redeemed at the address shown on the registration books; provided, however, that failure of any such Owner to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series A Bonds with respect to which no such failure has occurred.

Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner of the Series A Bond receives the notice.

Section 3.04. Redemption Funds.

Prior to the date fixed for redemption, funds shall be deposited with Trustee to pay, and Trustee is hereby authorized and directed to apply such funds to the redemption of the Bonds in whole or in part, together with accrued interest to the redemption date and any required premium. Upon the happening of the above condition, the Series A Bonds or portions thereof designated for redemption shall become due and payable on the redemption date, at the redemption price and, if the moneys necessary to effect such redemption are on deposit with the Trustee and available therefor, shall cease to bear interest from and after the redemption date; and the Series A Bonds or portions thereof being redeemed shall cease from and after the redemption date to be entitled to any benefit or security under the Master Resolution, and the Owners thereof shall have no rights in respect of the Series A Bonds except the right to receive payment of the redemption price thereof and interest accrued to the redemption date from the funds provided therefor. If any Series A Bond or portion thereof called for redemption shall not be paid at the redemption date, or upon surrender thereof for redemption, whichever is the latter to occur, because there is not on deposit with the Trustee moneys necessary to effect such redemption, such Series A Bond shall continue to bear interest until paid.

Section 3.05. Cancellation.

All Series A Bonds which have been redeemed shall be cancelled by Trustee in accordance with Section 2.09 hereof.

Section 3.06. Exchange of Bonds in Event of Partial Redemption.

If less than all of the Series A Bonds of a given maturity shall be redeemed, the particular Series A Bonds or a portion of the Series A Bonds to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper in order to assure to each Owner a fair opportunity to have his Series A Bond or Series A Bonds drawn; provided, however, the Trustee shall treat each such Series A Bond of a denomination of more than $5,000 as representing that number of Series A Bonds of $5,000 denomination obtained by dividing the principal amount of such Series A Bond by $5,000. If there shall be called for redemption less than the principal amount of a Series A Bond, the Trustee shall authenticate and deliver, upon surrender of such Series A Bond, and without charge to the Registered Owner thereof, a Series A Bond or Series A Bonds for the unredeemed portion of the principal amount of the Bonds so surrendered.

ARTICLE IV. DISPOSITION OF PROCEEDS OF SALE OF SERIES A BONDS; CONSTRUCTION ACCOUNT.

Section 4.01. Disbursement of Bond Proceeds.

Upon the delivery of the Series A Bonds, the proceeds thereof, together with interest accrued thereon to the date of their delivery, if any, shall be disbursed as follows:

(a) A sum equal to the interest accrued, if any, on the Series A Bonds from the date of the Series A Bonds to the date of delivery thereof shall be deposited in the Bond Fund Interest Account created and established pursuant to the terms of the Master Resolution and applied to the payment of the interest becoming due on the Series A Bonds on the first Interest Payment Date;

(b) To the extent not otherwise provided, a sum in an amount equal to the lesser of the maximum annual debt service on the Series A Bonds or 125% of the average annual debt service on the Series A Bonds shall be deposited in the Reserve Account; and

(c) The remaining balance thereof shall be transferred to the State Treasury of the Commonwealth of Kentucky for deposit in a separate and special account hereby created and established and designated as the "University of Kentucky Hospital Buildings Project - Series A Bond Proceeds Construction Account" (the "Series A Construction Account") as a part of the Construction Account created and established in the Master Resolution.

Section 4.02. Payment of Bond Issuance Fees.

From the proceeds of the Series A Bonds deposited in the Construction Account, there shall be paid to J J B Hilliard, W L Lyons Incorporated, as Financial Advisor to the Board, Coopers & Lybrand, as the certified public accountant to the Board, and to Rubin & Hays, as Bond Counsel to the Board, the contractual compensation which shall be then due and payable to such Financial Advisor, the certified public accountant and Bond Counsel. The balance of the monies then on deposit in the Series A Construction Account shall be available for application to the costs of the Series A Hospital Project for which the Series A Bonds have been authorized and may be used to pay interest on the Series A Bonds until completion of the Series A Hospital Project.

Section 4.03. Disbursements from Series A Construction Account.

The State Treasurer of the Commonwealth is hereby authorized and requested to make disbursements from the Series A Construction Account according to such disbursement procedures as may from time to time be provided, for the purpose of paying the cost of the Series A Hospital Project in accordance with the plans and specifications therefor, but only upon certification of the responsible parties having supervision of the Project, as to each disbursement, 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. Notwithstanding the foregoing, disbursements from the Series A Construction Account for the contractual sum due the Financial Advisor, the certified public accountant and Bond Counsel to the Board for their professional services in connection with the authorization, issuance, sale and delivery of the Series A Bonds shall be subject to approval by only the Treasurer.

Any balance in the Series A Construction Account not deemed by the Board to be necessary to be reserved and so reserved by the Board for the payment of any remaining part of the cost of the Series A Hospital Project or for additions to the Series A Hospital Project shall be transferred by the State Treasurer (i) to the Revenue Fund if such amount is less than 5% of the face amount of the Series A Bonds, or (ii) to the Trustee for credit to a special account of the Redemption Account to be then established and designated as the University of Kentucky Hospital Building Project--Series A Bonds Redemption Account" (the "Series A Redemption Account") as a part of the Bond Fund and shall be used to redeem Series A Bonds by purchase in the open market if Series A Bonds can be purchased at not more than par plus accrued interest to the date of purchase or by redemption at the earliest date Series A Bonds can be redeemed at par plus accrued interest to the redemption date; provided, however, the Series A Redemption Account may be invested only upon the written advice of Bond Counsel at such yield as will not cause the Series A Bonds to become "arbitrage bonds" as defined in the Code, or cause the interest on the Series A Bonds to become subject to federal income taxation.

Section 4.04. Items of Cost.

For the purposes of this Series A Resolution, the cost of the Series A Hospital Project shall include, without intending thereby to limit or restrict or to extend any proper definition of such cost under any applicable laws or this Series A Resolution, any or all of the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the Series A Hospital Project, as the case may be;

(b) the cost of acquiring, by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property, rights, rights-of-way, franchises, easements and other interests as may be deemed necessary or convenient by the Board for the construction and operation of the Series A Hospital Project, as the case may be, options and partial payments thereon, and the amount of any damages incident to or consequent upon such construction and operation;

(c) the cost of furnishing and equipping the Series A Hospital Project, as the case may be;

(d) taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Series A Hospital Project, as the case may be, or any property acquired therefor, and premiums on insurance, if any, in connection with the Series A Hospital Project, as the case may be, during construction; fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to construction of the Series A Hospital Project, as the case may be, or the issuance of Series A Bonds therefor;

(e) expenses of administration properly chargeable to the Series A Hospital Project, as the case may be, legal expenses and fees, fees and expenses of consultants, financing charges (including interest on the Series A Bonds during construction of the Series A Hospital Project and credit facility agreement fees), cost of audits and of preparing and issuing the Series A Bonds, and all other items of expense not elsewhere in this Section specified incident to the construction and equipping of the Series A Hospital Project, as the case may be, and the placing of the Series A Hospital Project in operation; and

(f) any obligation or expenses heretofore or hereafter incurred by the Board or by any other agency of the Commonwealth in connection with the Series A Hospital Project or, as the case may be, for any of the foregoing purposes.

ARTICLE V. FUNDS AND ACCOUNTS; INVESTMENTS.

Section 5.01. Creation of Debt Service Reserve Account.

There is hereby established with the Trustee a special fund in the Debt Service Reserve Account of the Bond Fund designated "University of Kentucky Hospital Revenue Bonds (Series A) Reserve Account" (the "Reserve Account"), which special fund shall consist of two subaccounts designated "Equity Subaccount" and "Proceeds Subaccount", respectively.

The moneys in each of said subaccounts shall be held and applied as hereinafter provided and, pending such application, shall be subject to a lien in favor of the Owners of the Series A Bonds and for the further security of such Owners until paid out or transferred as herein provided.

Section 5.02. Flow of Funds.

The Board shall cause to have filed with the State Treasurer, in sufficient time to enable the State Treasurer to make the withdrawals from the Revenue Fund and to make the deposits required by this Section, a requisition of the Board, specifying the amount required for the various purposes hereinafter set forth. Notwithstanding the provisions of the Master Resolution, it shall be the duty of the State Treasurer, upon receipt of such requisition to withdraw from the Revenue Fund on deposit with the State Treasurer so much of the money on deposit therein as is required to make the deposits hereinafter required and to deposit the sum so withdrawn with the Trustee to the credit of the following accounts in the following order:

(a) beginning on the fifth Business Day prior to February 1, 1987, and on the fifth Business Day prior to each Interest Payment Date thereafter, to the credit of the Interest Account, that amount which, together with the amount then on deposit therein, shall be equal to the interest payable on the Outstanding Series A Bonds on the next ensuing Interest Payment Date;

(b) beginning on the fifth Business Day prior to August 1, 1990, and on the fifth Business Day preceding each August 1 thereafter, to the credit

of the Principal Account, an amount equal to the principal of all Outstanding Series A Bonds due on the next ensuing August 1;

(c) (i) beginning on the twenty-fifth day, or if such day is not a Business Day on the next succeeding Business Day, of the month following any month in which money is transferred from the Reserve Account to the Interest Account or the Principal Account to cure a deficiency therein, and on the twenty-fifth day of each month thereafter, to the credit of the Equity Subaccount, one-twelfth (1/12) of the amount or amounts so transferred until the amount then on deposit in the Reserve Account is equal to the Reserve Account Requirement and (ii) beginning in the month following a valuation made in accordance with the Series A Resolution in which a loss resulting from a decline in the value of investments held for the credit of the Reserve Account is computed, and on the twenty-fifth day of each month thereafter, into the Equity Subaccount one-twelfth (1/12) of the amount of such loss until the amount of such loss is reimbursed.

Section 5.03. Application of Money in Reserve Account; Replenishment of Reserve Account.

Simultaneous with the delivery of the Series A Bonds, an amount equal to the Reserve Account Requirement shall be deposited in the Reserve Account. Any funds contributed by the Board for deposit to the credit of the Reserve Account shall be deposited in the Equity Subaccount, and any of the proceeds of the Series A Bonds deposited to the credit of the Reserve Account shall be deposited to the credit of the Proceeds Subaccount.

The Trustee shall use amounts in the Reserve Account to make transfers to the Interest Account and the Principal Account to the extent necessary to pay interest on and principal (whether at maturity or by acceleration) of the Series A Bonds, whenever and to the extent that the money on deposit to the Interest Account and the Principal Account is insufficient for such purposes. Amounts on deposit to the credit of the Proceeds Subaccount shall be exhausted prior to the transfer of any amount on deposit to the credit of the Equity Subaccount.

Subject to the provisions of the Master Resolution, the Board shall cause the State Treasurer to transfer from the Revenue Fund to the Equity Subaccount, in twelve (12) equal monthly installments, the amount of any transfer made from the Reserve Account pursuant to the preceding paragraph.

Subject to the provisions of the Master Resolution, the Board shall cause the State Treasurer to transfer from the Revenue Fund to the Equity Subaccount, in twelve (12) equal monthly installments, the amount of any loss resulting from a decline in the value of investments held for the credit of the Reserve Account computed following a valuation made in accordance with the Series A Resolution.

The Board may at any time withdraw amounts on deposit to the credit of the Proceeds Subaccount for its general purposes so long as, simultaneously therewith, it shall deposit an equal amount of its funds to the credit of the Equity Subaccount.

The investments of the Reserve Account shall be valued on August 1 of each year at the lower of cost, market or amortized value exclusive of accrued interest, except that investments with a maturity of one year or less shall be valued at par.

All Investment Income of the Reserve Account, as and when received, shall be deposited into the Interest Account.

Section 5.04 Investments.

Money held for the credit of the various funds and accounts held by the Trustee shall be invested at the direction of the Board in Permitted Investments. Any investments held for the credit of the Interest Account, the Principal Account and the Series A Redemption Account shall mature or be subject to redemption not later than the respective dates when the money held for the credit of such funds and accounts will be required for the purposes thereof. Any investment of money on deposit in the Reserve Account shall mature not later than the final maturity of the Series A Bonds.

Obligations so purchased as an investment of money in any such fund or account, and any interest bearing time deposits made with respect to such money, shall be deemed at all times to be a part of such fund or account, and the interest received thereon and any profit realized from such investment shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account; provided, however, that the interest accruing thereon and any profit realized or any loss realized upon the maturity or disposition of such investments prior to the completion of the Series A Hospital Project financed through the issuance of the Series A Bonds, shall be credited to, or charged against, the Series A Construction Account and the Trustee shall remit the net amount thereof no less often than once during each bond year to the State Treasurer for deposit to the Series A Construction Account. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such fund or account. Neither the Trustee nor the Board shall be liable or responsible for any loss resulting from any such investment.

ARTICLE VI. FINANCIAL COVENANTS.

Section 6.01. Limitations on Additional Indebtedness.

The Board agrees that it will not incur any Additional Indebtedness other than Additional Indebtedness consisting of one or more of the following:

(a) Long-Term Indebtedness if prior to incurrence of such Indebtedness one of the following conditions is met:

(1) there is delivered to the Trustee and the State Treasurer an Officer's Certificate (accompanied by the report of the Auditor of the Commonwealth or an independent certified

public accountant or firm of certified public accountants chosen by the Board) certifying the Debt Service Coverage Ratio, taking all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness then to be incurred into account as if it had been incurred at the beginning of the period of 12 full consecutive calendar months out of the most recent period of 18 full consecutive calendar months preceding the date of delivery of such Officer's Certificate for which the Financial Statements have been reported upon by such Auditor or such independent certified public accountant or firm of certified public accountants, and such Debt Service Coverage Ratio is for such period not less than 1.35; or

(2) (A) there is delivered to the Trustee and the State Treasurer an Officer's Certificate (accompanied by the report of the Auditor or an independent certified public accountant or firm of certified public accountants chosen by the Board) certifying the Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term Indebtedness then to be incurred, for a period of 12 full consecutive calendar months out of the most recent period of 18 full consecutive calendar months preceding the date of delivery of the Officer's Certificate for which the Financial Statements have been reported upon by the Auditor or such independent certified public account or firm of certified public accountants, and such Debt Service Coverage Ratio is not less than 1.10; and (B) there shall be filed with the Trustee and the State Treasurer the report of a Consultant to the effect that the forecasted Debt Service Coverage Ratio, taking the proposed Long-Term Indebtedness into account, for (I) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the first two periods of 12 full consecutive calendar months succeeding the date on which such capital improvements are expected to be completed and in operation, or (II) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the first two periods of 12 full consecutive calendar months succeeding the date on which such Long-Term Indebtedness is incurred, and the Debt Service Coverage Ratio for each such period is not less than 1.20 as shown by forecasted balance sheets, statements of revenue and expense and statements of changes in financial position of the Operations of the Hospital for each such period, accompanied by a statement of the relevant assumptions upon which such forecasted balance sheets and statements are based; provided, however, that in the event the Debt Service Coverage Ratio computed pursuant to clause (A) above is greater than 2.00, the forecasted Debt Service Coverage Ratio calculated pursuant to clause (B) above may be based upon a report prepared by management of the Hospital; or

(3) without compliance with either of the tests mentioned in (1) and (2) above, the Board may in the aggregate incur Additional Long-Term Indebtedness in an amount not to exceed 5% of Total Operating Revenues for the last twelve (12) months for which the Financial Statements were reported upon by the Auditor or by an independent certified public accountant or firm of independent certified public accountants. The total amount of Long-Term Indebtedness incurred by the Board under this clause (3) and outstanding without compliance with one of the tests mentioned in (1) and (2) above may not in the aggregate exceed at any time the amount calculated in accordance with the provisions of this clause (3).

(b) Completion Indebtedness may be incurred by the Board without limitation provided there is filed with the Trustee and the State Treasurer a certificate of an independent architect setting forth the amount required to complete the improvement for which the Indebtedness was incurred and an Officer's Certificate stating that the proceeds of the Completion Indebtedness and other moneys available therefor, including estimated earnings, will be sufficient to complete the improvement.

(c) Indebtedness may be incurred by the Board for the purpose of refunding any Outstanding Indebtedness so as to render it no longer Outstanding if prior to incurrence thereof there is delivered to the Trustee and the State Treasurer the following:

(1) an officer's certificate certifying that maximum Principal and Interest Requirements on the Indebtedness proposed to be issued for any twelve (12) consecutive calendar months is not in excess of 110% of the maximum Principal and Interest Requirements on the Outstanding Indebtedness being refunded for any twelve (12) consecutive calendar months; or

(2) if the maximum Principal and Interest Requirements on the Indebtedness proposed to be issued for any twelve consecutive calendar months is in excess of 110% of the maximum Principal and Interest Requirements on the Outstanding Indebtedness being refunded for any twelve (12) consecutive calendar months, such evidence as may be required to show that such proposed Indebtedness may be incurred in accordance with the requirements of paragraph (a) above; provided, however, that in no event shall clauses (1) and (2) above preclude the Board from issuing Indebtedness to refund all or any part of the Outstanding Series A Bonds.

(d) Short-Term Indebtedness may be incurred by the Board in the ordinary course of business if immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all such Short-Term Indebtedness does not exceed 10% of Total Operating Revenues for the most recent period of twelve (12) full

consecutive calendar months out of the most recent period of eighteen (18) full consecutive calendar months preceding the date of incurrence of such Short-Term Indebtedness for which the Financial Statements have been reported upon by the Auditor or by an independent certified public accountant or firm of certified public accountants chosen by the Board provided, however, that the Board shall be free from all such Short-Term Indebtedness, except for a principal amount equal to 3% of said Total Operating Revenues, for a period of twenty (20) consecutive calendar days in each Fiscal Year of the Board; provided, further, that such amount may be increased from 3% to 5% of said Total Operating Revenues if at least 40% of such additional Short-Term Indebtedness has been incurred to off-set an anticipated temporary delay in the receipt of funds due from third-party payors; provided, however, that in no event shall the principal amount of Short-Term Indebtedness incurred pursuant to this paragraph and amounts withdrawn from the Depreciation Reserve Fund pursuant to the Master Resolution outstanding at any time exceed 15% of Total Operating Revenues for the period described above.

Section 6.02. Restrictions on Guaranties; Calculation of Principal and Interest Requirements on Guaranties.

The Board agrees that it will not enter into, or become liable in respect of, any Guaranty unless (i) such Guaranty shall provide that no acceleration of the Indebtedness guaranteed is permitted as long as principal and interest are paid on a current basis as provided for by such Indebtedness, (ii) there shall be delivered to the Trustee and the State Treasurer an Officer's Certificate showing the income available for debt service of the person whose Indebtedness is being guaranteed (determined in a manner as nearly as practicable like Income Available for Debt Service hereunder) for the most recent period of twelve (12) full consecutive calendar months out of the most recent period of eighteen (18) full consecutive calendar months preceding the date of issuance of such Guaranty, and (iii) compliance is shown for the incurrence of Additional Indebtedness in accordance with the requirements of Section 6.01 hereof.

When calculating the principal and interest requirements on Guaranties, if the percentage derived from dividing the amount mentioned in the preceding paragraph by the total of the debt service requirement (determined in a manner as nearly as practicable like principal and interest requirements hereunder) of the Person whose indebtedness is being guaranteed and all other Indebtedness of such person then outstanding is (A) less than 1.00; (B) between 1.00 and 1.25; (C) between 1.26 and 1.34 or (D) in excess of 1.34, then for the purpose of making any Principal and Interest Requirements calculation in the case of (A) 100%, (B) 75%, (C) 50% and (D) 25% of the annual debt service on the indebtedness being guaranteed shall be added to the computation of Principal and Interest Requirements. Notwithstanding the foregoing provisions of this paragraph, at the time of execution of any Guaranty, for the purpose of determining compliance with any test for the incurrence of Indebtedness, 100% of the annual debt service on the Indebtedness proposed to be guaranteed shall be added to the computation of Principal and Interest Requirements.

Section 6.03. Sale, Lease, or Other Disposition of Property.

(a) The Board shall not sell or otherwise dispose of all or any part of its Property except as hereinafter provided.

(b) The Board may sell, lease or dispose of Property in the ordinary course of business.

(c) The Board may sell, lease or dispose of Property, not in the ordinary course of business, in any Fiscal Year provided that the aggregate fair market value, as conclusively determined by an Officer's Certificate, of such Property so disposed of in any Fiscal Year does not exceed 5% of the Book Value of Property, Plant and Equipment.

(d) The Board may sell, lease or dispose of Property, not in the ordinary course of business, in excess of the amount permitted under paragraph (c) above, upon the filing with the Trustee and the State Treasurer of a report of a Consultant demonstrating that the forecasted Debt Service Coverage Ratio for each of the two (2) financial reporting periods of twelve (12) consecutive calendar months immediately succeeding the date of such action will be at least equal to 1.20 for each of such periods assuming that such action had taken place; provided, however, that if the Debt Service Coverage Ratio as forecasted by the Board exceeds 2.00, an Officer's Certificate may be substituted for the Consultant's report.

(e) To the extent that the disposition of Property results in a payment to the Board of rental payments pursuant to a lease or other similar agreement or of installment sale payments pursuant to an installment sale contract or other similar agreement, such payments shall constitute Revenues.

(f) To the extent that the disposition of Property results in the receipt by the Board of a one-time payment representing the proceeds of such disposition, such proceeds may be used by the Board for any Hospital purpose.

(g) The Board may not transfer or dispose of any accounts receivable relating to the operation of the Hospital except in the ordinary course of business.

(h) Nothing shall restrict or limit the inter-divisional or internal transfer of funds in the ordinary course of business or in the normal conducting of relationships by and between the Hospital, as an operating division of the Board.

Section 6.04. Additional Covenants Concerning Rates and Charges.

Notwithstanding the provisions of the Master Resolution pertaining to Government Restrictions, in no event shall the Board fix, charge and collect, or cause to be fixed, charged or collected, rates, fees and charges for the use of and for the services furnished or to be furnished by the Hospital which will produce Income Available for Debt Service in an amount less than 100% of maximum annual Principal and Interest Requirements.

Notwithstanding the provisions of the Master Resolution, the Board covenants that it will implement, to the extent feasible, the recommendations of a Consultant retained to make recommendations as to a revision of such rates, fees and charges or the methods of operation of the Hospital, which will result in producing the amount necessary to satisfy the requirements of the foregoing paragraph.

Section 6.05. Board Contribution.

The Board covenants to make a contribution in an amount sufficient to pay all costs of the Series A Hospital Project and to fund the Reserve Account to the extent that proceeds of the Series A Bonds are insufficient for such purposes. Any Board contribution to the Reserve Account shall be made no later than the date of delivery of the Series A Bonds. The Board contribution to the costs of the Series A Hospital Project may be made in any one or more of the following ways: (i) by deposit to the Series A Construction Account, at one time or from time to time as and when needed to pay the costs of the Series A Hospital Project, (ii) by deposit at one time or from time to time to a specific account maintained by the Board or the State Treasurer of the amount estimated by the Treasurer to be needed to fund the additional costs of the Series A Hospital Project. The President of the University of Kentucky, upon the advice of the Treasurer, is authorized to determine the time and manner of making such contribution by the Board and to authorize same by executive order.

ARTICLE VII. COMPLIANCE WITH FEDERAL ARBITRAGE REQUIREMENTS.

Section 7.01. Arbitrage Certification.

Section 103(c)(2) of the Code and the regulations promulgated thereunder provide that sums derived from the proceeds of the Series A Bonds shall not be invested in investments in a manner which would cause the Bonds to be treated as "arbitrage bonds". Prior to or at the time of delivery of the Series A Bonds, the Treasurer of the Board is authorized to execute the appropriate certification with reference to the matters required and contemplated by such statute and regulations, setting out all known and contemplated facts concerning the anticipated expenditures and investments, including the execution of necessary and/or desirable certifications contemplated by the aforesaid regulations in order to assure that interest on the Series A Bonds will be exempt from all federal income taxes and that the Series A Bonds will not be treated as "arbitrage bonds".

The Board certifies that based on facts, estimates and circumstances, the Board has reasonable expectations that on the proposed date of issue of the Series A Bonds, it is expected that at least 85% of spendable proceeds of the Series A Bonds will be expended for the costs of the Series A Hospital Project within five (5) years from such date of issue.

ARTICLE VIII. COVENANTS TO COMPLY WITH TAX REFORM ACT OF 1985.

The Board acknowledges that prior to the time this Series A Resolution is enacted, (a) the "Tax Reform Act of 1985," also known as H.R.

3838, 99th Congress, First Session (the "Tax Bill"), has been passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") has been issued by the Chairman and Ranking Members of both the Ways and Means Committee of the United States House of Representatives and the Finance Committee of the United States Senate, together with the Secretary of the United States Treasury Department, dated March 14, 1986, and (c) it is not known at present whether such Tax Bill will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any, will be included in such law.

In order to assure purchasers of the Series A Bonds that the Series A Bonds will continue to be legal obligations and that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such bondowners), the Board covenants to and with the Owners of the Series A Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Bill, (2) the Board will take no actions which will violate any of the provisions of such Tax Bill, (3) none of the proceeds of the Series A Bonds will be used for any purpose which would cause the interest on the Series A Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Bill, if enacted and signed into law in the form as same exists at the time of issuance of the Series A Bonds, if such Tax Bill as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement, and (4) the Board reserves the right to amend the Series A Resolution authorizing the Series A Bonds without obtaining the consent of the Owners of the Series A Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Series A Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the bondowners) to eliminate or reduce any restrictions concerning the Series A Hospital Project, the investment of the proceeds of the Series A Bonds, or the application of such proceeds or of the Revenues; and the purchasers of the Series A Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for purchase of the Series A Bonds.

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

ARTICLE IX. SERIES A RESOLUTION EFFECTIVE IMMEDIATELY.

Section 9.01. Effective Date.

A certified copy of the Resolution and a certified copy of this Series A Resolution shall be filed with the Trustee and this Series A

Resolution shall take effect immediately upon its adoption and the filing of the certified copy thereof with the Trustee.

Adopted _____, 1986.

(SEAL)

_____
Chairman

Attest:

_____
Secretary, Board of Trustees

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Trustees of the University of Kentucky, and as such officer I further certify that the foregoing is a true, correct and complete copy of a Series A Resolution duly adopted by the members of said Board at a meeting properly held on June 25, 1986, has been duly executed and is now in full force and effect, and that attached hereto are true and correct copies of the documents approved in said Resolution, all of which documents have been duly filed in the official records of the Board, viz., Bond Form, Notice of Bond Sale, Official Terms and Conditions of Bond Sale, Bid Form, all as appears in the official records of said Board in my possession and under my control.

I further certify that said meeting held on June 25, 1986, was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Series A Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

WITNESS my hand this ____ day of _____, 1986.

_____
Secretary of the Board of Trustees

EXHIBIT A

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
HOSPITAL REVENUE BONDS, SERIES A

R-_ DOLLARS

DATE OF ORIGINAL ISSUE INTEREST RATE MATURITY DATE CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

[Capitalized terms used herein have the meanings ascribed to them by the Master Resolution and the Series A Resolution pursuant to which this Bond has been issued.]

The Board of Trustees of the University of Kentucky (the "Board"), a body corporate and governmental instrumentality of the Commonwealth of Kentucky operating as an educational institution, for value received, hereby promises to pay to the REGISTERED OWNER identified above, or registered assigns or legal representative solely from the sources and in the manner hereinafter provided, upon presentation and surrender of this Bond, the PRINCIPAL AMOUNT set out above on the MATURITY DATE specified above, or on the date fixed for redemption of this Bond if called for redemption prior thereto, at the principal corporate trust office of _____, the Trustee, Registrar and Paying Agent, and to pay, but solely from such sources, to the REGISTERED OWNER interest on the PRINCIPAL AMOUNT hereof at the INTEREST RATE specified above, on the first day of February and August each year, commencing February 1, 1987, from the Interest Payment Date to which interest has been paid next preceding the date on which this Bond is authenticated, unless this Bond is authenticated on an Interest Payment Date to which interest has been paid, in which event this Bond shall bear interest from such date, or if this Bond is authenticated prior to the first Interest Payment Date, this Bond shall bear interest from the DATE OF ORIGINAL ISSUE set forth above, until the PRINCIPAL AMOUNT hereof is paid. Interest on this Bond shall be paid to the Owner registered as the Owner on the Record Date, which shall be the fifteenth day of the calendar month next preceding an Interest Payment Date, or if such date is not a Business Day, then the next succeeding Business Day, by check or draft mailed to such Owner at such Owner's address last appearing on the registration books of the Registrar or at such other address as is furnished to the Registrar in writing by such Owner. All payments of principal, redemption premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America.

This Bond and the interest hereon are limited obligations of the Board, and the Board shall not be obligated to pay the principal of, premium, if any, or interest on this Bond except from the Net Revenues of the Operations of the Hospital, and this Bond, together with all Additional Indebtedness, including additional Series of Bonds, of the Board issued pursuant to the Master Resolution are secured in pari passu by a pledge of such Net Revenues.

The Series A Bonds shall not constitute an indebtedness of the Board or the Commonwealth within the meaning of any provisions or limitations of the Constitution or Statutes of the Commonwealth, but are payable solely from the Net Revenues and any other revenues provided therefor in the Series A Resolution. Neither the Board, the Commonwealth, nor any other political subdivision of the Commonwealth, is obligated to pay the principal of the Series A Bonds or the interest thereon, or other costs incident thereto, except from the Net Revenues pledged therefor. Neither the faith and credit nor the taxing power of the Board, the Commonwealth or any political subdivision of the Commonwealth is pledged to the payment of the principal of, premium, if any, or interest on the Series A Bonds or other costs incident thereto.

This Bond is one of the duly authorized University of Kentucky Hospital Revenue Bonds, Series A, issued in the aggregate principal amount of $_____ (the "Bonds") pursuant to a Master Resolution and a Series A Resolution duly enacted by the Board (collectively, the "Resolution") under the authority of, and in full compliance with, the Constitution and Statutes of the Commonwealth of Kentucky, and particularly Sections 58.010 through 58.140 of the Kentucky Revised Statutes (the "Act") for the purpose of financing the Series A Project.

Copies of the Master Resolution and the Series A Resolution are on file at the corporate trust office of the Trustee, and reference shall be made to the Master Resolution and the Series A Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Resolution, the collection and disposition of Revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which Bonds and Additional Indebtedness are or may be issued, the rights, duties and obligations of the Board and the rights of the Owners of the Bonds.

The Board has reserved the right to issue Additional Indebtedness, including additional Series of Bonds on a parity as to source of payment and security with the Bonds.

The Bonds maturing on and after August 1, 1997, are subject to redemption prior to maturity by the Board 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 and after August 1, 1996, at the redemption prices, expressed in percentages of the principal amount of the Bonds to be redeemed, plus, in each case, accrued interest to the date of redemption, as set forth below:

Redemption Dates	Redemption Price
August 1, 1996, through and including August 1, 2000	103%
August 1, 2001, through and including August 1, 2004	102%
August 1, 2005, and thereafter prior to final maturity	101%

The Bonds are also subject to redemption in whole or in part on any date, at the option of the Board, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, if all or any part of the University of Kentucky Hospital is damaged, destroyed or taken through the exercise of the power of eminent domain. In the event of a redemption in part pursuant to this paragraph, the Board shall redeem Bonds from each maturity then Outstanding, to the extent practicable, in the proportion that the principal amount of Bonds of such maturity bears to the total principal amount of bonds issued under the Master Resolution and then Outstanding.

If less than all of the Bonds of a given maturity are to be called for redemption, the Bonds to be redeemed shall be selected by the Trustee by lot. Notice of any redemption shall be given by the Trustee in the form and manner prescribed by the Resolution at least thirty (30) days prior to the date fixed for redemption to the Owners of the Bonds to be redeemed. Any notice given as provided in the Resolution shall be conclusively presumed to have been duly given, whether or not the Owner of the Bond receives the notice.

The Bonds or portions thereof designated for redemption will become due and payable on the redemption date at the redemption price and, if the moneys necessary to effect such redemption are on deposit with the Trustee and available therefor, shall cease to bear interest from and after the redemption date and shall cease to be entitled to any benefit or security under the Resolution. Moneys held by the Trustee for the payment of any of the Bonds or interest due thereon which remain unclaimed for five (5) years after the date when such amounts shall have become due and payable will, at the request of the Board, be repaid by the Trustee to the Board free and clear of the trust created by the Resolution, and the Trustee shall thereupon be released and discharged with respect thereto, and the Owners of the Bonds payable from such money shall look only to the Board for the payment of such Bonds and the interest due thereon.

The Bonds are issuable as fully registered bonds in denominations of $5,000 or any whole multiple thereof, and may be exchanged at the principal corporate trust office of the Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution, for an equal aggregate principal amount of Bonds of the same maturity, bearing interest at the same rate and of any authorized denominations.

The transfer of this Bond is registerable by the REGISTERED OWNER hereof in person or by his attorney or legal representative at the principal corporate trust office of the Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Board shall execute and the Trustee shall authenticate and deliver, in exchange for this Bond, a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond.

The Registrar is not required to transfer, exchange or substitute any Bond after a Record Date and before the commencement of the next succeeding Interest Payment Date, or after the selection of such Bond for redemption.

The REGISTERED OWNER hereof 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 event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution and except that any REGISTERED OWNER may institute action to enforce the payment of the principal of, premium, if any, or the interest on this Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Resolution, the principal of all Bonds then Outstanding under the Resolution may become or may be declared due and payable before their stated maturity, together with the interest accrued thereon.

Modifications, alterations or amendments of the Resolution may be made only to the extent and in the circumstances permitted by the Resolution.

Neither the members of the Board nor any person executing this Bond is liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

All acts, conditions and things required to exist, happen and be performed under the laws of the Commonwealth and under the Indenture precedent to the issuance of the Bonds have existed, have happened and have been performed and in due time, form and manner as required by law, in order to make this a valid and legal revenue bond; that the issuance, authentication and delivery of the Bonds have been duly authorized by the Resolution duly enacted; that the amount of the Bonds, together with all other obligations of the Board, does not exceed any limit prescribed by the Constitution and Statutes of the Commonwealth; and that sufficient payments have been required to be made to the Trustee for deposit into the Bond Fund for the prompt payment of the principal of and interest on the Bonds that may be issued and Outstanding.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the Board of Trustees of the University of Kentucky has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chairman, and a facsimile of its seal to be imprinted hereon, and attested by the facsimile signature of its Secretary as of the DATE OF ORIGINAL ISSUE hereinabove stated.

BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY

Attest:

By_____
Chairman, Board of Trustees

(SEAL)

_____
Secretary, Board of Trustees

DATE OF AUTHENTICATION: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series A Bonds described in the within-mentioned Resolution.

Printed on the reverse hereof is the complete text of the opinion of Bond Counsel, Rubin & Hays, 209 South Fifth Street, Louisville, Kentucky, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Series A Bonds.

_____, Trustee

By_____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
(Print or type name, address and Social Security No. or other Federal identifying Number of Transferee)

the within Bond and all rights therein, and hereby irrevocably constitutes and appoints as attorney to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

_____
(Signature of Assignor)

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Bond in every particular without alteration, enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws and regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT_____Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors Act _____
(State)
Additional abbreviations may also be used though not in the list above.

EXHIBIT B

NOTICE OF BOND SALE

$_____

UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A

The Board of Trustees of the University of Kentucky, will until _____ p.m., E.D.T. on _____, _____, 19__ at the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, receive competitive, sealed bids for $_____ of its University of Kentucky Hospital Revenue Bonds, Series A, dated _____ 1, 19__, being registered bonds in denominations in multiples of $5,000, to mature serially on _____ 1, 19__, through _____ 1, 20__, in such principal amounts, subject to such limitations and tax-exempt, as specified in the Official Terms and Conditions of Sale of Bonds. Minimum bid is $_____ (97-3/4% of par). Good faith check is $_____ (1%). Legal Opinion by Rubin & Hays, Louisville, Kentucky.

Preliminary Official Statement, including Official Terms and Conditions of Sale of Bonds and the Bid Form, may be obtained from the Financial Advisor:

J J B Hilliard, W L Lyons Incorporated
545 South Third Street
Louisville, Kentucky 40202
(502) 588-8472

The right to reject any and all bids and to waive irregularities or informalities is reserved. Board of Trustees, University of Kentucky, (signed) Henry Clay Owen, Treasurer.

EXHIBIT C

BID FORM

Subject to the terms and conditions set forth in a Resolution of the Board of Trustees of the University of Kentucky, providing for the sale of $_____ of University of Kentucky Hospital Revenue Bonds, Series A, dated August 1, 1986, and in accordance with the Notice of Bond Sale, as advertised, and in accordance with the Official Terms and Conditions of Sale of Bonds, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase such Bonds.

We hereby bid the total sum of $_____ (not less than $_____ (97-3/4%) plus accrued interest from _____ 1, 19__ to the date of the delivery of the Bonds, at the following annual interest rate(s):

Bond Year Ending August 1	Principal Maturing $	Interest Rate(s)
1990		_____%
1991		_____
1992		_____
1993		_____
1994		_____
1995		_____
1996		_____
1997		_____
1998		_____
1999		_____
2000		_____
2001		_____
2002		_____
2003		_____
2004		_____
2005		_____
2006		_____
2007		_____
2008		_____
2009		_____

It is understood that the Bonds are offered for sale on the basis of the interest on the Bonds not being subject to Federal or Kentucky income taxation on the date of delivery of the Bonds and of the principal of the Bonds not being subject to Kentucky ad valorem taxation, and that the Board will furnish the final, approving legal opinion of Rubin & Hays, Suite 300, 209 South Fifth Street, Louisville, Kentucky. A certified or a bank cashier's check in the amount of $_____ (1%), payable to the Board of Trustees of the

University of Kentucky is enclosed, with the understanding that if we are the successful bidder, such check is to be immediately deposited by the Board of Trustees and credited (without interest) against the purchase price at the time of the delivery of the Bonds.

Respectfully submitted,

_____

By_____

Total interest cost from _____, 1986, to final maturity	$
Less premium or plus discount, if any, bid	$
Net interest cost	$
Net interest rate	%

The above computation of net interest cost is submitted for information only and is not a part of this Bid. The average interest rate on the Bonds is _____%.

Accepted this ____ day of _____, 1986.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF KENTUCKY

By_____

EXHIBIT D

OFFICIAL TERMS AND CONDITIONS OF SALE OF BONDS

$_____

UNIVERSITY OF KENTUCKY HOSPITAL REVENUE BONDS, SERIES A

DATE AND HOUR OF SALE:

The Board of Trustees of the University of Kentucky, a body corporate pursuant to Section 164.160 of the Kentucky Revised Statutes, with all powers generally vested in corporations, will, until _____ p.m., E.D.T., on _____, _____, 19__, at the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, receive competitive, sealed bids for the purchase of $_____ of its University of Kentucky Hospital Revenue Bonds, Series A, dated _____ 1, 19__, subject to the terms and conditions set forth herein.

DESCRIPTION OF BONDS:

The Bonds shall bear interest from _____ 1, 19__, payable on _____ 1, 19__, and thereafter semiannually on _____ 1 and _____ 1 of each year, shall be in the denomination of $5,000 or any whole multiple thereof within the same maturity, shall be registered as to principal and interest, shall be numbered beginning with number R-1 upward, shall mature serially on August 1 in each of the years 1990 through 2000, in such principal amounts as follows:

Bond Year Ending 1	Principal Maturing $	Bond Year Ending 1	Principal Maturing $
1990		2000	
1991		2001	
1992		2002	
1993		2003	
1994		2004	
1995		2005	
1996		2006	
1997		2007	
1998		2008	
1999		2009	

REGISTRATION:

_____, _____, Kentucky, has been designated as the Trustee, Registrar and Paying Agent. Interest on the Bonds is payable by check or draft mailed to the owner registered as the owner on the 15th of the month preceding any interest payment date. Principal on the Bonds shall be payable upon surrender of the Bonds at the principal corporate trust office of the Paying Agent.

Within a minimum of five (5) business days prior to the date of closing, the purchaser shall notify the Registrar of the names and tax identification numbers of registered owners for the initial delivery of the Bonds, showing principal amounts for each maturity. Otherwise, the Bonds will be registered in the name of the bidder or in the name of the first participant listed in the bid with one registered Bond provided for each maturity.

REDEMPTION:

Bonds maturing on and after August 1, 1997, are subject to redemption by the Board prior to maturity on any interest payment date occurring on or after August 1, 1996, in whole or from time to time in part (less than all of such Bonds of a given maturity to be selected by lot in such manner as may be designated by the Paying Agent) at the redemption prices (expressed as percentages of the principal amount of Bonds being redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
August 1, 1996, through and including August 1, 2000	103%
August 1, 2001, through and including August 1, 2004	102%
August 1, 2005, and thereafter prior to final maturity	101%

The Bonds are also subject to redemption in whole or in part on any date, at the option of the Board, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, if all or any part of the University of Kentucky Hospital is damaged, destroyed or taken through the exercise of the power of eminent domain. In the event of a redemption in part pursuant hereto, the Board shall redeem Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Bonds of such maturity bears to the total principal amount of bonds issued under the Master Resolution and then Outstanding.

BASIS OF AWARD:

Unless all proposals are rejected, the Bonds shall be awarded to the bidder submitting the bid having the lowest net dollar interest cost, which cost shall be determined by computing the sum, for all of the Bonds, of the total dollar amount of interest payable on every Bond from _____ 1, 19__ to its maturity or mandatory prior redemption, as the case may be, plus any discount or minus any premiums.

AUTHORITY:

The Bonds have been authorized by a Master Resolution, as supplemented by a Series A Resolution (the "Resolution") of the Board of Trustees of the University of Kentucky (the "Board""), pursuant to the authority of Sections 58.010 through 58.140 of the Kentucky Revised Statutes, which authorize the issuance of revenue bonds by any agency or instrumentality of the Commonwealth of Kentucky to provide funds for the financing of a public project for use in the promotion of the public health.

PURPOSE:

The Bonds are being issued for the purpose of financing the construction, renovation and equipping of improvements to the University of Kentucky Hospital, including: (i) constructing and equipping a four-story addition to house replacement surgical facilities, clinical laboratories, emergency services and thirty (30) intensive care beds, (ii) renovating the central sterile and pharmacy services, (iii) improving the emergency power systems, fire alarms, heating, ventilation and air conditioning and water systems, and (iv) constructing a transport tower and an enclosed pedestrian walkway; all as is more specifically set forth in the Preliminary Official Statement being used in connection with the offering of the Bonds.

SECURITY:

The Bonds are secured by a pledge of the proceeds of the sale of the Bonds until expended for the authorized purpose, the Net Revenues (as defined in the Official Statement) and all funds established with the Trustee by and in accordance with the provisions of the Resolution, including the investments, if any, of any of such funds, and a paramount charge on all of said Net Revenues over and ahead of all claims or obligations of any nature against said Net Revenues arising or incurred after the issuance of the Bonds. The pledge shall be valid and binding from and after the date of the issuance, sale and delivery of the Bonds.

The Board has reserved the right to incur additional indebtedness (including additional series of bonds from time to time) on a parity with the Series A Bonds, which shall be only for the payment of the cost of Additional Facilities, with necessary appurtenances, which shall become a part of the Hospital Project, as defined in the Official Statement.

The Bonds are legal, valid and binding limited obligations of the Board payable solely from and secured by the pledge of Net Revenues, a Debt Service Reserve Fund and certain investment income. The Bonds shall be a valid claim of the respective owners thereof only against the moneys which are pledged for the payment thereof.

The Bonds shall not constitute an indebtedness of the Commonwealth of Kentucky within the meaning of any Kentucky constitutional provisions or statutory limitations, and shall not constitute a general obligation of the Board of Trustees or of the Commonwealth of Kentucky.

LEGAL OPINION; SPECIAL TAX CONSIDERATIONS:

The Bonds are offered for sale on the basis of the principal of said Bonds not being subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof, and to the interest thereon being exempt under existing laws from all present Federal and Kentucky income taxes, and subject to the unconditional, final, approving legal opinion of Rubin & Hays, Municipal Bond Attorneys, Suite 300, 209 South Fifth Street, Louisville, Kentucky 40202.

Potential bidders are put on notice that at the time that the Bonds are offered for sale, (a) the "Tax Reform Act of 1985," also known as H.R. 3838, 99th Congress, First Session (the "Tax Bill"), has been passed by the House of Representatives on December 17, 1985, with a provision that many of its provisions are effective retroactive to January 1, 1986, (b) a "Joint Statement" on the effective dates of pending tax reform legislation (the "Joint Statement") has been issued by the Chairman and Ranking Members of both the Ways and Means Committee of the United States House of Representatives and the Finance Committee of the United States Senate, together with the Secretary of the United States Treasury Department, dated March 14, 1986, and (c) it is not known at present whether such Tax Bill will also be passed by the United States Senate and approved by the President, the final form in which same will be enacted, if any, and what retroactive date, if any, will be included in such law.

In order to assure purchasers of the Bonds that interest thereon will continue to be exempt from all Federal and Kentucky income taxation (except that income from these Bonds may constitute an item of "tax-preference" in the income of property and casualty insurance companies because of the nature of the total tax-preference items of such bondowners), the Board of Trustees has covenanted to and with the owners of such Bonds that (1) the Board will take all actions necessary to comply with the effective provisions of such Tax Bill, (2) the Board of Trustees will take no actions which will violate any of the provisions of such Tax Bill, (3) none of the proceeds of the Bonds will be used for any purpose which would cause the interest on the Bonds to become subject to Federal income taxation, either under the provisions of existing Federal law or under the new Tax Bill, if enacted and signed into law in the form as same exists at the time of issuance of the Bonds, if such Tax Bill as enacted reflects the postponement of effective dates to the extent endorsed in the Joint Statement, and (4) the Board of Trustees reserves the right to amend the Resolution authorizing these Bonds without obtaining the consent of the owners of the Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Bonds shall be exempt from Federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the bondowners) to eliminate or reduce any restrictions concerning the Project, the investment of the proceeds of the Bonds, or the application of such proceeds or of the revenues of the Project; and the purchasers of the Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board of Trustees as part of the consideration for purchase of such Bonds.

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

It is noted that the United States Senate Finance Committee has, on May 6, 1986, approved and recommended to the Senate a Senate version of a tax reform bill which includes a provision that interest on all municipal bonds will constitute a "tax preference" item in the income of corporations.

Bond Counsel will render the customary opinion as to exemption of principal of the Bonds from ad valorem taxation and as to exemption of interest on the Bonds from Federal and Kentucky income taxation, assuming that the Board of Trustees complies with covenants made by it with respect to compliance with the provisions of the Tax Bill, if enacted into law in the form passed by the House of Representatives on December 17, 1985, and if such law reflects a postponement of effective dates to the extent endorsed in the Joint Statement, except that with respect to property and casualty insurance companies, such interest may be included in an alternative calculation of taxable income.

If, prior to the delivery of the Bonds, any event should occur which alters such tax-exempt status, the purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the Board, whereupon the amount of the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

ADDITIONAL TERMS OF SALE:

The Bonds, but not less than all of the Bonds, are offered for sale on the following additional terms and conditions:

A. A minimum price shall be required for the entire issue, of not less than $_____ (97-3/4% of par), plus accrued interest from the date of the Bonds (August 1, 1986) to the date of delivery.

B. Each purchase bid shall be accompanied by a good faith check in the amount of $_____ (1%), which shall be represented by a certified or bank cashier's check in that amount, payable to the order of the Board of Trustees of the University of Kentucky. The checks of the unsuccessful bidders will be returned to them promptly. The check of the successful bidder shall be immediately deposited by the Board of Trustees and credited (without interest) against the purchase price at the time of the delivery of the Bonds.

C. Bidders must state an interest rate or rates in a multiple of 1/8, 1/10 and/or 1/20 of 1%.

D. Interest rates may be only on an ascending scale, in that the interest rate for Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.

E. There is no limit on the number of different rates which may be specified in any bid.

F. All Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity, even though some of such Bonds may be subject to mandatory redemption prior to their maturity date.

G. The right to reject bids for any reason deemed advisable by the Board, and the right to waive any possible informalities or irregularities in any bid which, in the judgment of the Board, shall be minor or immaterial, are expressly reserved.

H. Bids must be made in writing on forms which, together with a Preliminary Official Statement, must be obtained from the Financial Advisor,

J J B Hilliard, W L Lyons Incorporated
545 South Third Street
Louisville, Kentucky 40202
(502) 588-8472

Bids must be enclosed in sealed envelopes marked "Bid for University of Kentucky Hospital Revenue Bonds, Series A, dated _____ 1, 19__", and bids must be received at the office of the President, Administration Building, University of Kentucky Campus, Lexington, Kentucky 40506, prior to _____ p.m., E.D.T., on _____, 19__, at which time they will be opened and considered by the Board or its Executive Committee.

I. CUSIP identification numbers will be assigned and printed on the Bonds without expense to the purchaser. Neither the failure to print a CUSIP number on any Bonds nor any error with respect thereto shall constitute cause for the failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds.

J. Delivery of the executed Bonds will be tendered to the purchaser at a bank or trust company in Lexington, Kentucky or Louisville, Kentucky, within 45 days from the date of sale. Payment for the Bonds by the purchaser shall be in immediately available funds.

The purchaser may elect to require delivery at any bank or trust company elsewhere in the Continental United States, provided the purchaser agrees to pay any additional expense in connection therewith, such expense to include shipping expense and insurance in transit. In connection with the issuance of the Bonds, the Board shall pay for the printing of the Bonds, which will contain the opinion of Bond Counsel. The purchaser will pay for the printing of the final Official Statement, which can be obtained from Westerfield-Bonte, Louisville, Kentucky, the printer of the preliminary Official Statement. Any fees charged by the bank where delivery of the Bonds is made will be paid by the purchaser.

K. Upon wrongful refusal of the successful bidder to take delivery and pay for the Bonds when tendered for delivery, the amount of the good faith check shall be forfeited by such bidder, and such amount shall be deemed liquidated damages for such default; provided, however, if said Bonds are not ready for delivery within 45 days from the date of sale herein provided for, said bidder shall be relieved of any liability to accept the Bonds hereunder.

ADDITIONAL INFORMATION:

Official bid forms and a Preliminary Official Statement may be obtained from the Financial Advisor,

J J B Hilliard, W L Lyons Incorporated
545 South Third Street
Louisville, Kentucky 40202
(502) 588-8472

BOARD OF TRUSTEES OF THE UNIVERSITY
OF KENTUCKY

By/s/ _____