

● Commonwealth of Kentucky ●
EDUCATIONAL BULLETIN

STATE COURSE OF STUDY
FORMS FOR USE IN ORGANIZING
HOLDING CORPORATIONS

President Frank L. McVey
University of Kentucky
Lexington, Kentucky



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DEPARTMENT OF EDUCATION

JOHN W. BROOKER

Superintendent of Public Instruction

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FOREWORD

Section 4377-12, Kentucky Statutes, imposes upon the State Board of Education, on the recommendation and with the advice of its executive officer, the Superintendent of Public Instruction, the duty of prescribing, printing, publishing, and distributing at public expense, rules, regulations, courses of study, curriculums, etc.

Section 4384-26, Kentucky Statutes, provides that :

"The Superintendent of Public Instruction shall prepare, or cause to be prepared, and submit for approval and adoption and publication by the State Board of Education minimum courses of study for the different grades and kinds of common schools of the Commonwealth, and regulations governing educational equipment of school buildings and classrooms."

In accordance with this authority imposed upon the Superintendent of Public Instruction, a copy of the state course of study for grades one to twelve, inclusive, adopted by the State Board of Education, is being published herein.

Demand for forms necessary in planning building projects has exhausted our present supply. The forms printed herein will serve as suggestions to boards of education and citizens of the Commonwealth in preparing to finance building projects.

JOHN W. BROOKER,
Superintendent of Public Instruction.

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APPROVED STATE COURSES OF STUDY FOR GRADES 1 TO 12

The school laws do not provide that any specific subjects be taught in the common schools. Section 4384-26, Kentucky Statutes provides that:

"The Superintendent of Public Instruction shall prepare, or cause to be prepared, and submit for approval and adoption and publication by the State Board of Education minimum courses of study for the different grades and kinds of common schools of the Commonwealth, and regulations governing educational equipment of school buildings and classrooms."

The following courses of study have been adopted by the State Board of Education for grades one to twelve of the common schools. An effort has been made to arrange the programs for grades seven and eight in such a manner that either the six-year high school or the junior high school organization may be adopted for a school district. The starred subjects are the core or required subjects to be taught in each grade throughout the State. One or more of the other subjects may or may not be included in the program of a particular school district.

This Minimum Course of Study is set up in accordance with Section 4384-26, Kentucky Statutes, and as a guide in the purchase of textbooks by the State. Each local board of education will adopt its own course of study upon the recommendation of its superintendent, which course must include all subjects listed in the State Minimum Course of Study, plus such additional subjects from the optional list as may be necessary to meet local needs. It is strongly urged that Music and Art be included in the lower six grades in all local courses of study where it is practical to teach these subjects.

If funds are available after purchasing textbooks for those subjects on the State's Minimum Course of Study, two additional textbooks will be purchased for the first grade, two for the second grade, and one textbook for each of the remaining elementary grades for those subjects selected from the optional list by the local board of education upon the recommendation of its superintendent.

ELEMENTARY GRADES

First Grade

- *Primer
- *Reading
- Art
- Music
- Writing
- Health
- Safety
- Science
- Social Science

Second Grade

- *Reading
- *Writing
- *Spelling
- Art
- Music
- Health
- Safety
- Science
- Social Science

Third Grade

*Reading
*Language
*Writing
*Spelling
*Arithmetic
*Health
Art
Music
Geography
Safety
Science
Social Science

Fourth Grade

*Reading
*Language
*Writing
*Spelling
*Arithmetic
*Health
*Geography
*History
Art
Music
Safety
Science
Social Science

Fifth Grade

*Reading
*Language
*Writing
*Spelling
*Arithmetic
*Health
*Geography
*History
Art
Music
Science
Social Science
Safety

Sixth Grade

*Reading
*Language
*Writing
*Spelling
*Arithmetic
*Health
*Geography
*History
Art
Music
Science
Social Science
Safety

Seventh Grade

*Reading
*Language
 *Geography
 *Kentucky History
 *Government (Including
 Kentucky Government)
*Arithmetic
*Health or *Elementary Science
Art
Music
Writing
Spelling
Guidance
Safety

Eighth Grade

*Reading
*Language
*U. S. History
*Arithmetic
*Agriculture or *Ele. Science
Art
Music
Writing
Spelling
Health
Guidance
Safety

JUNIOR HIGH SCHOOL

Seventh Grade

*English:
 *Literature
 *Composition
*Social Science, Integrated, or
 *Geography
 *Kentucky History
 *Government (Including
 Kentucky Government)
*Mathematics
*Health or *Elementary Science
Art
Music

Eighth Grade

*English:
 *Literature
 *Composition
*Social Science, Integrated, or
 *U. S. History
*Mathematics
*Agriculture or *Ele. Science
Art
Music
Writing
Spelling
Health

Seventh Grade—Continued
 Writing
 Spelling
 Guidance
 Safety
 Home Economics
 Industrial Arts

Eighth Grade—Continued
 Guidance
 Safety
 Home Economics
 Industrial Arts
 Jr. Business Training
 Foreign Languages
 Latin
 Spanish
 French
 German

Ninth Grade
 English:
 Literature
 Composition
 Mathematics
 Social Science, Integrated, or
 Civics
 Ancient and Medieval History
 Health
 General Science
 Foreign Languages
 Latin

Spanish
 French
 German
 Music
 Art
 Home Economics
 Vocational Agriculture
 High School Spelling
 High School Arithmetic
 Safety
 General Language
 Practical Mathematics

SENIOR HIGH SCHOOL

8-4 Organization

Ninth Grade
 English:
 Literature
 Composition
 Civics
 Ancient and Medieval History
 Health and Physical Education
 High School Arithmetic
 Algebra
 General Science
 Foreign Languages
 Latin
 Spanish
 French
 German
 Music
 Art
 Home Economics
 Vocational Agriculture
 Industrial Arts
 High School Spelling
 Safety
 Practical Mathematics
 General Language

Tenth Grade
 English:
 Literature
 Composition
 Modern History—World History
 Health and Physical Education
 Algebra
 Business Arithmetic
 Foreign Languages
 Latin
 Spanish
 French
 German
 Biology
 Home Economics
 Vocational Agriculture
 Industrial Arts
 Art
 Music

Eleventh Grade
 English:
 Literature
 Composition
 United States History
 Health and Physical Education
 Plane Geometry
 Foreign Languages

Twelfth Grade
 English:
 Literature
 Composition
 Advanced Civics
 Economics
 Sociology
 Health and Physical Education

Eleventh Grade—Continued

Latin
French
Spanish
German
Chemistry
Home Economics
Vocational Agriculture
Industrial Arts
Music
Art
Typewriting
Shorthand
Bookkeeping and Accounting
Public Speaking
High School Geography
Business Spelling
Advanced General Mathematics
Journalism
General Business

Twelfth Grade—Continued

Foreign Languages
Latin
French
Spanish
German
Physics
Solid Geometry
Trigonometry
Home Economics
Vocational Agriculture
Industrial Arts
Music
Art
Bookkeeping and Accounting
Shorthand
Typewriting
Office Practice
Commercial Law

THE ORGANIZATION OF A HOLDING CORPORATION

The first step in the organization of a holding corporation is to interest several leading citizens of your school district in the proposition. Five or more persons thus interested should then band themselves together, draw up articles of incorporation and sign them. A copy of these articles of incorporation should then be filed with the county clerk and the original should be mailed to the Secretary of State. A nominal fee, usually about three dollars, is charged by the Secretary of State for this service.

After the receipt of a certificate of approval from the Secretary of State, the incorporators of the holding corporation should then meet and organize by electing one of its members president, one vice-president, one secretary and one treasurer. The incorporators or directors of the holding corporation should then draw up brief by-laws governing the organization and should determine the time and place of meeting. After the holding corporation is organized the school board should convey title to the site, upon which the proposed school building is to be constructed, to the holding corporation. The corporation will then name its trustee, usually a bank, trust company or an individual. The trustee then issues bonds against the school site and improvements to be made upon the site in amount and at times ordered by the corporation.

The sale of the bonds, advertising for sealed bids on the construction of the building, the awarding of a contract for the erection of the building and the actual construction of the school building follow. Upon the completion of the building the holding corporation enters into a lease contract with the board of education whereby the board of education agrees to rent the building from the holding corporation annually, at a rental sufficient to pay the interest on the bonds and the principal as the bonds mature.

Numerous cases involving the organization of holding corporations to finance schoolhouse construction have been before the Court of Appeals and in each instance the validity of this method has been upheld. A partial list of such decisions of the Court of Appeals follows:

- Bridges v. Scott County Board of Education, 234 Ky. 836;
- Whitworth v. Breckinridge County Board of Education, 225 Ky. 222, 7 S. W. (2nd) 1070;
- Button v. Trimble County Board of Education, 235 Ky. 771;
- Rothchild v. Shelbyville Board of Education, 254 Ky. 467;
- Reneer v. Centertown Educational Corporation, et al., 253 Ky. 328;
- Waller v. Georgetown Board of Education, 209 Ky. 726, 273 S. W. 498;
- Overall v. City of Madisonville, 125 Ky. 684, 102 S. W. 278, 31 Ky. Law Reporter 278, 12 L. R. A. (N. S.) 433;
- Gosney, et al. v. Butler Consolidated Graded School, 219 Ky. 242.

SUGGESTED POINTS TO BE OBSERVED

1. The board of education should determine the approximate amount of money which it may set aside in its budget each year for rental without seriously handicapping the other functions of the school system. Unless the board of education has a sufficient taxing margin to provide an annual appropriation for rental or can clearly show that further economy under the present taxing arrangement is possible so that a certain definite amount can be set aside each year as rental, a holding corporation should not be undertaken. In fact, it is very doubtful if a market could be found for the bonds except under the favorable condition set out above.
2. The amount of rental which a board of education can set aside each year will determine the amount of bonds which the holding corporation should issue and consequently, the cost limitation of the proposed project, the schedule for retirement of the serial bonds and the number of years over which the bond issue is spread.
3. The confidence of leading citizens who are interested in the schools must be secured. The board of education is dependent upon citizens other than members of the board of education to organize a holding corporation and the need for such a corporation should be carefully explained. It should be pointed out that such a corporation is private in character and that the vote of the people is not required for issuance of bonds, neither is the holding corporation governed by constitutional or statutory debt limitations placed upon boards of education. It should further be pointed out that the private property of incorporators is in no way liable for any debt or contract of the corporation.
4. The banks of the community should be approached and interested in the proposition. The holding corporation will be largely dependent upon the banks to market the bonds. If local banks are not interested, it is possible that one or more firms of bond brokers could be interested in the purchase of the issue of bonds. It is a good idea to draw up the plans roughly for a holding corporation, that is, determine the amount of money needed and the number of years over which the serial bonds will mature, which, of course, is dependent upon the rental which the board can pay and then ascertain what rate of interest the bonds must bear in order to market them. If the local banks or a firm of bond brokers is to purchase them at par, it is generally a good policy in the bids on interest rate to ask the prospective purchaser to take care of all costs incident to the organization of the holding corporation, which includes cost of filing articles of incorporation, all legal fees and the printing or engraving of bonds.
5. It is suggested that all bonds be subject to call at par at any time. This protects the board of education and the holding corporation and makes it possible for them to retire more of the debt than its schedule provides for in the event that the board unexpectedly finds itself in possession of an unexpended balance at the end of any fiscal year. This, of course, would relieve the board of education of further interest payments on these bonds.
6. The board of education and holding corporation must work in close cooperation. The holding corporation is dependent upon the board of education to rent the building which it constructs, consequently, the holding corporation should delegate the selection of an architect and the planning of the school building to the board of education. It is usually wise to have a building committee made up of two or more members of the board of education and representatives of the holding corporation to handle all minor details during the planning and construction of the building.

MINUTES

OF BOARD OF EDUCATION CONTRACTING WITH AN EDUCATIONAL CORPORATION

At a meeting of the Board of Education held at, Kentucky, on the day of, 19....., the following members were present:
....., President.....
....., Secretary.....

It was moved, seconded and carried unanimously that the president and secretary be authorized on behalf of Board of Education to execute a deed to Educational Corporation of, Kentucky, for school property. The motion adopted was as follows:

WHEREAS, there has been submitted to this board a certain plan for raising funds to finance, and

WHEREAS, it was provided in that plan that the Board of Education of, Kentucky, should deed to the Educational Corporation of, Kentucky, the following property:

..... Dollars, and also to provide for the execution and delivery of a lease between said Educational Corporation and said Board of Education, on motion duly made, seconded and unanimously carried by vote of the entire board, it is now ordered that the President and Secretary for and on behalf of the Board of Education execute both a deed and a lease, and, after said execution the same shall be left in the hands of the Secretary of the Board for final delivery on the payment of the above mentioned consideration and the execution of said lease by the said Educational Corporation. Copies of the said deed and lease are made a part of these minutes and of this order.

..... Board of Education
By, President
....., Secretary

ARTICLES OF INCORPORATION

KNOW ALL MEN BY THESE PRESENTS:

I

That

..... stockholders, do associate to form a corporation under the laws of the Commonwealth of Kentucky.

II

That the corporation shall be named and known as, by which name it may contract and be contracted with, sue and be sued, adopt a corporate seal and conduct its business.

III

The principal office and place of business of said corporation shall be at _____, _____ County, Kentucky.

IV

The business proposed to be transacted, conducted and carried on by said corporation shall not be for profit, but shall be for educational and other charitable purposes; to receive, hold, disburse gifts, bequests and other funds for said purposes, to own and maintain suitable real estate and buildings for its purposes, and to do all things necessary and incident thereto.

V

Said corporation shall have no capital stock, and is formed not for profit, but to promote the cause of education.

VI

The corporation shall commence business as soon as practicable after these articles are filed in the County Clerk's office of _____ County, and in the office of the Secretary of State, Frankfort, Kentucky. The corporation shall continue for a period of twenty-five years, unless sooner dissolved by a majority vote of its members. This corporation shall exist for _____ years.

VII

The affairs and business of the corporation shall be conducted by not less than _____ directors, one of whom shall be elected president and another vice-president. The president shall be the chief executive officer of the corporation. The first board of directors shall be elected by the members of said corporation at such time and place as a majority of the members may determine, and thereafter an election of directors shall be held at the corporation's office _____, Kentucky, on _____ of each year, and they shall hold their office for one year and until the election and qualification of their successor. The board of directors shall have power to make all such by-laws and rules to regulate the business of the corporation as will not be inconsistent with the provisions of these articles of incorporation and the laws of the Commonwealth.

VIII

The indebtedness or liability which the corporation may at any time incur shall not exceed in the aggregate _____ dollars, and, except for the payment of its debts and liabilities lawfully incurred its property shall not be used or applied otherwise than for the benefit of the _____ in _____, Kentucky. The corporation shall incur no indebtedness or liability except in writing and upon a majority vote of its directors as provided in VII herein, and when said corporation shall issue and deliver bonds, notes, mortgages or other evidence of its indebtedness, no further or other indebtedness shall be incurred by the corporation without the consent in writing of a majority in numbers and amount of the holders of bonds, notes, mortgages or other evidence of indebtedness, or of the trustee, if any, representing them.

IX

In no event shall the private property of the incorporators, or directors, be subject to or in any way liable for any debt or contract of its corporation

In testimony whereof, witness our hands this day of
....., 19.....

.....
.....
.....
.....

A Copy Attest:

.....
County Court Clerk County.

CERTIFICATE OF CLERK OR NOTARY

STATE OF KENTUCKY
COUNTY OF

I,, a Notary Public, in and for
the County and State aforesaid, do hereby certify that the foregoing articles
of incorporation of the were this day pro-
duced to me in my office by

.....
.....
and acknowledged by said parties and each of them to be their act and
deed.

Given under my hand and seal of office this day of
....., 19..... My commission expires
..... day of, 19.....

Notary Public in and for County, Kentucky.

(SEAL)

COMMONWEALTH OF KENTUCKY,
..... COUNTY

I,, Clerk of the County
Court in and for the county aforesaid, do hereby certify that the foregoing
articles of incorporation of were this
day presented to me in my office, certified as above and lodged for record.

Whereupon the same, the foregoing certificate and this certificate have
been duly recorded in my office.

Given under my hand this day of, 19.....

.....
Clerk of County Court,
....., Kentucky.

By, D. C

DEED

TO..... EDUCATIONAL CORPORATION
BY..... BOARD OF EDUCATION

This indenture made and entered into this the day of
....., 19.....

WITNESSETH, That whereas the Board of
Education of, Kentucky, at a meeting held on
the day of, 19....., duly

passed and adopted by unanimous vote the resolution authorizing the sale and transfer of the hereinafter described real estate to the Educational Corporation of, Kentucky, for the sum of Dollars, and the further consideration of a certain contract and lease simultaneously entered into between the said board of education and the said educational corporation, which resolution has been duly entered on the minute books of said board as of said date, and said lease and contract have been executed.

Now, in consideration of these presents, said board of education has this day sold and does by these presents grant, bargain, sell and convey to the said Educational Corporation of, Kentucky, the following described real estate:

.....
.....
.....

being the same property deeded to the Board of Education by deed dated the day of, 19....., and of record in deed book No....., page, in the office of the County Court Clerk of County, Kentucky.

To have and to hold unto the said Educational Corporation, its successors and assigns forever, with all the privileges and appurtenances thereto belonging with covenant of general warranty.

WITNESSETH the hand and seal of said board of education of....., Kentucky, this the day of, 19.....

..... BOARD OF EDUCATION
By, President
....., Secretary

FORM OF BOND

COMMONWEALTH OF KENTUCKY

United States of America

NO..... \$.....
..... EDUCATIONAL CORPORATION
..... per cent First Mortgage Bonds

The Educational Corporation, a corporation organized under the laws of the Commonwealth of Kentucky, hereinafter called the company, acknowledges itself to be indebted, and for value received hereby promises to pay to the bearer (or in case of registration, to the registered owner hereof) Dollars in gold coin of the United States of America, of or equal to the present standard of weight and fineness, on the first day of with interest thereon from the first day of, at the rate of per cent per annum, payable in like coin, the first of which interest payments shall be due and payable on the 1st day of, and thereafter payable semi-annually on the first day of and in each year to the bearer of the properly annexed coupons on presentation and surrender thereof, as they severally become due. Both principal and interest are payable at the Bank,, Kentucky.

This bond is one of a series of bonds, numbered from one to, both inclusive, made by said company, of like tenor, date and effect, aggregating the total principal sum of Dollars. Said bonds are issued under and equally

secured by a Trust Deed, made by said company to the
..... Bank,, Kentucky, as
trustee, reference thereto being hereby made for a particular description
of the terms and conditions thereof on which the said bonds are issued
and secured and for a description of the security therefor and the rights of
the bondholders thereto.

The right is hereby reserved to the company to pay any or all of said
bonds at any interest paying period, by the payment of principal and accrued
interest, and on giving ten days previous notice as prescribed in said
Trust Deed; provided, however, that the bonds to be paid before maturity
shall be selected by lot from the whole number then outstanding.

This bond shall not be valid and obligatory unless and until authenti-
cated as one of said series of bonds by a certificate endorsed hereon, signed
by the Bank,,
Kentucky (Trustee).

This bond may be registered in the owners' name on the registration
book kept at the office of the Bank, Trustee,
as in said trust deed provided, and said registry shall be noted on the bond
by the Bank,,
Kentucky, after which no transfer hereof shall be valid unless made on
the said books by the registered owner hereof in person, or by his attorney
duly authorized, and similarly noted on the bond; but the same may be dis-
charged from registry by being transferred in a manner aforesaid to bearer,
after which it shall be transferable by delivery, but it may again be regis-
tered as before. The registry of this bond as above shall not restrain the
negotiability of the interest coupons by delivery merely.

On default in the payment of interest or of the principal of any of said
bonds, or default in the performance of any of the covenants made by the
company in said Trust Deed, the principal of this bond may become and
be due and payable before the above specified maturity, together with the
accrued interest thereon, as provided in said Trust Deed.

No personal liability whatever, by virtue of any statute or otherwise,
shall attach to or be incurred by the officers, or directors of said company,
or any or either of the undersigned, by reason of any of the obligations,
covenants, or agreements expressed or implied in this bond, or in the cou-
pons hereof or in the said Trust Deed.

The execution and delivery of this bond on behalf of said company is
authorized and directed by resolution of the Board of Directors.

In witness whereof, the said Educational Cor-
poration has caused these presents to be signed in its corporate name by
its president or vice president, its corporate seal to be attached to be
executed in its behalf by the signature of its secretary this.....
day of, 19.....

..... Educational Corporation
By, President
....., Secretary

FORM OF INTEREST COUPONS

\$.
On the 1st day of, 19....., the
Educational Corporation will pay to the bearer hereof, at the
..... Bank,, Kentucky,
..... Dollars, in gold coin of the United
States of America of or equal to the present standard of weight and fineness,
being six months interest on its First Mortgage Bond No., sub-
ject, however, to the conditions of said bond.

..... Educational Corporation
By, President
....., Secretary

FORM OF TRUSTEE'S CERTIFICATE

This is to certify that this bond is one of the bonds mentioned in the Mortgage or Trust Deed referred to within.

By Bank
....., President
....., Secretary
This the day of, 19.....
....., Kentucky.

COMMONWEALTH OF KENTUCKY

BOND OF

No. \$.....
..... EDUCATIONAL CORPORATION,
..... County, Kentucky
SERIES OF 19.....

KNOW ALL MEN BY THESE PRESENTS:

That the Educational Corporation in
..... County, Kentucky, for value received,
acknowledges itself indebted to and hereby agrees to pay to bearer.....
..... Dollars in lawful money of the
United States of America, on the day of
19....., with interest at the rate of per cent per annum, payable
on the day of each year, on pres-
entation and surrender of the annexed coupons as they severally mature.
Both principal and interest of this bond are hereby made payable at.....
..... Bank, Kentucky.

For the prompt payment of this bond and the interest thereon at ma-
turity, the full faith, credit and resources of said corporation is hereby
irrevocably pledged.

This bond is one of a series numbered consecutively from 1 to.....,
inclusive, of the denomination of..... Dollars each,
aggregating..... Dollars, issued for the pur-
pose of..... for.....
Educational Corporation at....., Kentucky, under
strict conformity with the Constitution and laws of the Commonwealth of
Kentucky, including Articles....., and....., Kentucky
Statutes, edition of 19....., and pursuant to an order passed by said Edu-
cational Corporation at..... on the day
of....., 19....., which order is of record on pages
..... of the minutes of said corporation.

The said corporation reserves the option of redeeming this bond at
any time after one year from its date by paying the principal and accrued
interest thereon. In case this bond shall be called in for redemption before
maturity, notice thereof in writing shall be given to the holder or holders
thereof by the Secretary of the said corporation at least thirty days before
the date fixed for redemption, and should this bond not be presented for
redemption, the same shall cease to bear interest from and after the date
fixed for redemption.

It is hereby certified and declared that the issue of this bond and the
series of which it is a part is duly authorized by law and provided for in
the order and authority of the trustee named for this corporation that all
acts, conditions and things required to be done precedent to and in the
issuance of this series of bonds and of this bond have been properly done
and performed and have happened in regular and due time, form and
manner as required by law; and that the payment of this bond and of the
series of which it is a part and the payment of the interest coupons hereto
annexed shall be paid as the same shall become due.

In witness whereof the..... Educational Corpora-
tion, of....., County,

Kentucky, by order of its board of officers, has caused this bond and this series of bonds, and the interest coupons hereto attached to be signed by the Chairman and Secretary of said board.

Given under our hands this the.....day of....., 19.....

..... Educational Corporation
By, Chairman
....., Secretary

INTEREST COUPON

No..... \$.....
On the..... day of....., 19....., the
..... Educational Corporation of
....., in the county of.....,
Commonwealth of Kentucky, hereby promises to pay to the bearer at.....
....., Kentucky the sum of.....
Dollars, in lawful money of the United States of America, being.....
months interest on bond No..... of its series of 19....., dated
....., 19....., of said corporation.

..... Educational Corporation
By, President
....., Secretary

CONTRACT

BETWEEN EDUCATIONAL CORPORATION AND BOARD OF EDUCATION

THIS INDENTURE made and entered into this.....day of....., 19....., by and between the Board of Education of....., Kentucky, party of the first part, and the..... Educational Corporation, party of the second part, all parties of..... County, Kentucky.

WITNESSETH: That whereas, by a certain resolution unanimously adopted and passed at a meeting held at its regular meeting place in....., Kentucky, on the.....day of....., 19....., the said party of the first part authorized a sale and transfer of the property hereinafter described, upon certain terms and conditions hereinafter set forth, and directed the president and secretary of said Board of Education to execute deed to the said party of the second part for and on behalf of the said party of the first part, in consideration of the sum of \$..... cash, and the further consideration of said terms and conditions, which resolution has been duly entered on the Minute Book of said Board of Education as of said date, and

WHEREAS, said purchase price has now been paid in full,

NOW, in consideration of the premises and of the agreements and covenants hereinafter set forth, the said party of the first part has this day bargained and sold and does hereby sell and convey unto the said party of the second part the following described real estate located in..... County, Kentucky, and bonded and described as follows:.....
.....
.....
.....

TO HAVE AND TO HOLD, together with all the appurtenances thereunto belonging unto the party of the second part, its successors and assigns, forever, together with covenant of general warranty of title, but and upon the further consideration and upon the following described conditions:

That the party of the second part has this day leased to the party of the first part, and the party of the first part has agreed to lease from the party of the second part, the premises hereinbefore set out and described, upon the following terms:

1. This lease is to run for a period of one year from the date hereof with the privilege and option on the part of said Board of Education to renew same upon the same terms at the end of each year for another annual rental period, and so on until such time as said Board of Education can legally take over the title to said premises and grounds on the terms and conditions as set out herein, but said option to renew is not to extend for a longer period than twenty years; and it is further and expressly understood that the said Board of Education does not bind itself under this agreement to lease said property for more than one year or bind itself for the rentals thereof, hereinafter set forth, for more than one year.

2. It is understood and agreed that as of even date herewith a certain series of bonds for the said sum of \$.....shall be issued, to secure which a mortgage shall be executed by the said..... Educational Corporation to.....Trustee, which bonds and mortgage are here referred to and made part hereof as if copied herein, and the said Board of Education agrees to pay to said Trustee, named in said mortgage, as a rental charge for the property herein leased, an amount equal to the interest of such bonds as may be then outstanding at the rate of.....per annum as such interest may accrue on said bonds for the year covered by this agreement and lease, and, at the same time, for the further sum of \$....., to be used by said Trustee in retiring the principal of said bonds.

3. It is further agreed as additional rental for said leased premises that the said Board of Education shall pay the said Trustee an amount equal to each year's insurance charges against said property and provided for in said mortgage, to keep all improvements and to pay all other charges against the property for said year, including the necessary expenses of the Trustee in handling the trust for that particular year, and all other expenses in connection with the sale and issuance of said bonds.

4. As said contract or lease is renewed and for each year thereof under the option contained in this lease, the said Board of Education agrees to pay the same rental, charges, etc., for each year for which the same is renewed, provided, however, that the amount of rental each year shall be reduced by the amount of interest on such bonds as may from year to year have been paid by said Board of Education.

5. It is further a part of the consideration of this conveyance, and it shall be provided in the trust mortgage referred to, that the said Board of Education shall have the option, on any interest paying date, to pay all or any part of said bonds.

6. It is also a part of the consideration of this conveyance, and it shall be provided and agreed in said mortgage, that if the said Board of Education at any time shall fail to renew said lease at the end of any year up to and until the time said bonds are paid off and satisfied in full, or shall fail to pay the rentals hereinbefore agreed upon for any yearly period for which this contract and agreement may be renewed, or any other charges herein specified, or shall fail to pay the said \$..... to be applied for the retiring of the principal of said bonds as hereinbefore set out, then said Board's right to renew said lease shall cease and terminate and its right to renew any year shall be conditional on its having paid all the rental and charges thereunder for the year last preceding and on its having paid the said \$..... as provided herein, to be applied toward the retirement of the principal of said bonds.

7. It is further a part of the consideration of this conveyance, and it shall be also provided in said mortgage, that in event the interest on

said bonds is not paid when due, or in the event that said Board of Education shall not pay the \$..... as provided herein in that event the Trustee, at his option, or upon the written request of the holders of a majority in amount of the outstanding bonds, may declare all of the said bonds due and payable at once, and may proceed to foreclose the lien securing same. Said condition also is made a part of the consideration of this conveyance, and it is agreed by the parties hereto that the option to renew the lease herein is made conditional on the fulfillment of said provision.

8. It is also a part of the consideration of this conveyance, and it shall be so provided in said mortgage, that in event of foreclosure under the above section or a sale to any person other than the Board of Education of....., Kentucky, then and in that event the amount of bonds and interest then outstanding shall be first satisfied in full out of said sale of money, after paying any costs and expense in connection therewith, and the balance, if any, shall be paid to the said Board of Education.

9. It is further a part of the consideration of this conveyance, and it shall be so provided in the mortgage aforesaid, that the said board of Education is given and is hereby granted the exclusive option, on any interest paying date of said bonds, during the life of this contract and lease and while same is in force according to its terms, to repurchase said property at the price of the total amount of the bonds and interest due and unpaid, and such charges as may be incurred under this contract at the time of said option of repurchase shall be exercised by said Board of Education.

10. It is further part of the consideration of this conveyance, and it shall be so provided in said mortgage, that said Trustee shall execute and deliver to said Board of Education a receipt for all moneys paid to it hereunder, including the amount to be applied toward the retirement of the principal sum of said bonds, and said receipts for said sum when so executed by said Trustee shall immediately vest in the Board of Education a lien on the above described real estate to such amounts as may have been paid by it toward the retirement of the principal of said bonds, but said lien shall be second and inferior to the lien to secure the bonds aforesaid and is to be held under the same terms and conditions.

11. It is further a part of the consideration of this conveyance that when all the bonds mentioned herein have been retired and paid off, as provided for in this agreement and in said mortgage, then this contract or lease is to cease and terminate and the said..... Educational Corporation hereby agrees and binds itself to convey to the said Board of Education the real estate conveyed herein and described in this conveyance.

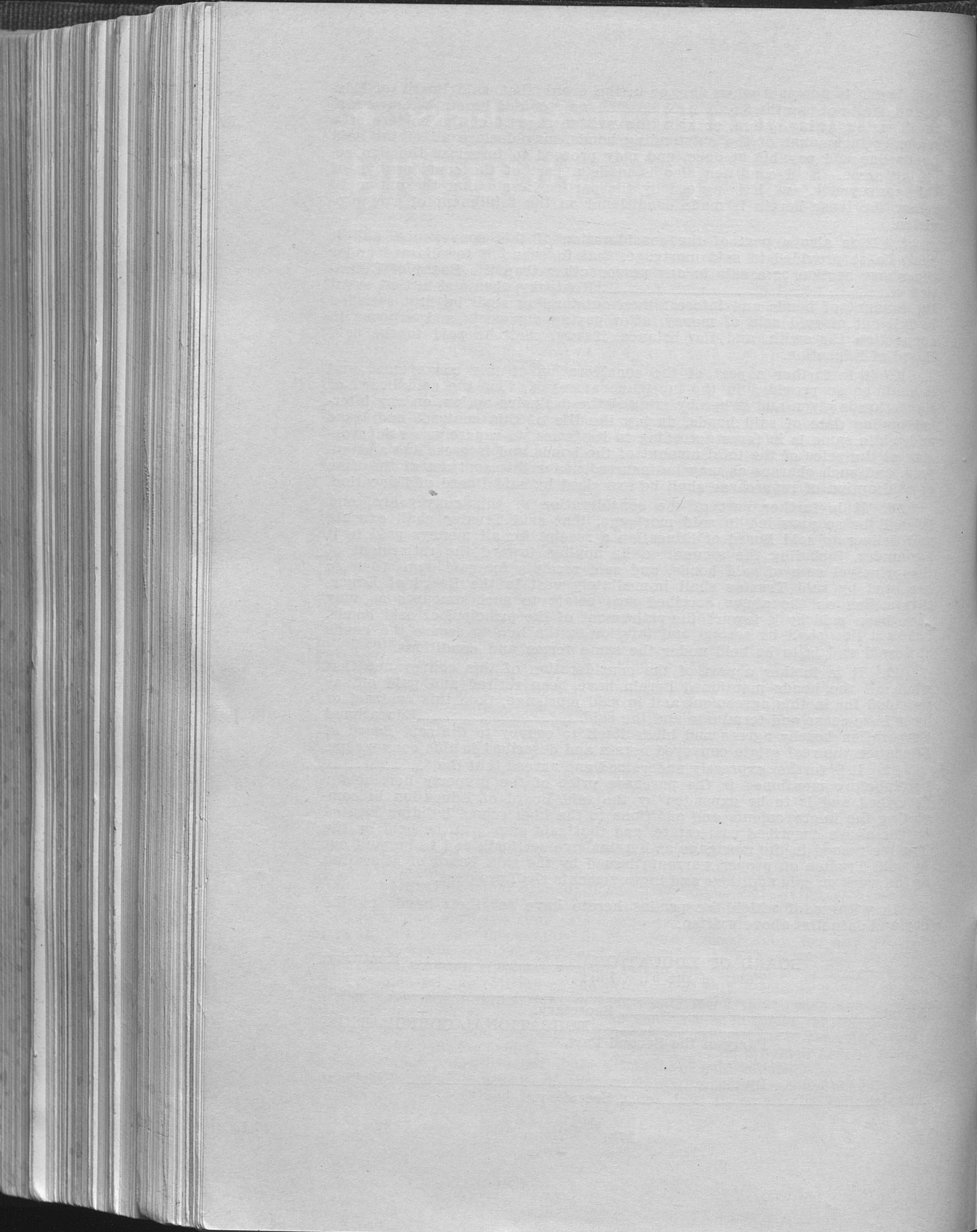
12. It is further expressly understood and agreed that the \$..... hereinbefore mentioned is the purchase price of the property hereinbefore described and is to be expended by the said Board of Education in completing the improvements and additions to the high school building located on the above described real estate, and that said sum is to be held by the Trustee named in the mortgage as hereinabove set forth and to be paid out by said Trustee on proper warrants issued by the said Board of Education as the work on said additions and improvements shall progress.

In witness of which the parties hereto have set their hands on the day and date first above written.

BOARD OF EDUCATION,, Kentucky,
Party of the First Part
By, President

Attest:....., Secretary.
....., EDUCATIONAL CORPORATION,
Party of the Second Part.

By, President
Attest:....., Secretary.



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President Franklin D. Roosevelt
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