

Irregularities

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, December 12, 1950.

The Board of Trustees of the University of Kentucky met in the President's Office at 10:10 a.m., Tuesday, December 12, 1950. The following members were present: Governor Lawrence W. Wetherby, Carl Dempewolfe, Harry F. Walters, J. C. Everett, H. D. Palmore, Guy A. Huguelet, R. P. Hobson, Boswell B. Hodgkin, George M. Cheek, Harper Gatton, and Herndon Evans. Absent: Mrs. Paul G. Blazer, J. Woodford Howard, Paul M. Basham, and Dr. W. M. Coffee. President H. L. Donovan and Secretary Frank D. Peterson met with the Board.

A. Mr. Evans New Member.

Mr. Herndon Evans presented commission of appointment as Alumni Member of the Board of Trustees. Mr. Evans was appointed to take the place of T. H. Cutler, Frankfort, Ky., whose term expired December 31, 1949.

B. Minutes Approved as Published.

Upon motion duly made, seconded and carried, the minutes of the Board of Trustees of September 19, 1950, and the minutes of the Executive Committee of October 25 and November 17, 1950, were approved as published.

C. Report of Comptroller.

The Comptroller made a report of the financial operation of the University as of November 30, 1950. He read the following analysis and submitted balance sheet, together with supporting statements of fund and budget operations.

UNIVERSITY  OF KENTUCKY
LEXINGTON

Office of the Comptroller

December 7, 1950

Dr. H. L. Donovan, President
University of Kentucky
Lexington, Kentucky

My dear Doctor Donovan:

I submit herewith a balance sheet of University funds as of November 30, 1950, together with supporting statements of fund and budget operations for the period of five months ended on that date.

University income realized during the period amounted to \$3,803,132.67. This amount was 53.0% of the budget estimate of \$7,181,674.51.

General fund expenditures and encumbrances totalled \$2,774,792.00, which is 38.5% of departmental appropriations amounting to \$7,200,233.31.

Plant fund expenditures and encumbrances amounted to \$536,501.23 during the period, or 57.1% of the budget estimate of \$939,399.03.

The balance sheet shows a general unappropriated surplus of \$683,949.76, distributed as follows:

Division of Colleges	\$426,894.25
Agricultural Experiment Station	253,805.70
Agricultural Extension Division	<u>3,249.81</u>
Total	<u><u>\$683,949.76</u></u>

These amounts are available to be appropriated for such purposes as the Board may authorize.

The current bonded indebtedness of the University is \$2,820,000.00 and the net investment in Equipment, Land and Buildings is \$25,614,917.60.

Respectfully submitted,

Frank D. Peterson
Comptroller

University of Kentucky
BALANCE SHEET
As of November 30, 1950

A S S E T S

	<u>Division of Colleges</u>	<u>Agricultural Experiment Station</u>	<u>Agricultural Extension Division</u>	<u>Total</u>
<u>Current Funds:</u>				
<u>General:</u>				
Cash in bank	\$ 79,290.31	\$ 74,693.13	\$ 103,713.70	\$ 257,697.14
Petty cash advs.	670.00			670.00
<u>State Allotments:</u>				
Current year	461,756.15	178,891.89	84,289.28	724,937.32
Prior year	10,070.94	1,621.23		11,692.17
Revolving funds	922,778.11	268,536.71		1,191,314.82
Receivables	23,667.73			23,667.73
Inventories	596,265.63	27,910.00		624,175.63
Deferred chgs.	111,768.20			111,768.20
Unreal.income	2,093,622.05	520,012.23	736,240.96	3,349,875.24
Total General	<u>\$ 4,299,889.12</u>	<u>\$ 1,071,665.19</u>	<u>\$ 924,243.94</u>	<u>\$ 6,295,798.25</u>
<u>Restricted:</u>				
Cash in bank	\$ 706,036.01	\$ 72,553.66	\$ 246,136.07	\$ 1,024,725.74
Petty cash advs.	12,370.00	200.00		12,570.00
Investments	689,744.05	15,000.00		704,744.05
Total re- stricted	<u>\$ 1,408,150.06</u>	<u>\$ 87,753.66</u>	<u>\$ 246,136.07</u>	<u>\$ 1,742,039.79</u>
Total current	<u>\$ 5,708,039.18</u>	<u>\$ 1,159,418.85</u>	<u>\$ 1,170,380.01</u>	<u>\$ 8,037,838.04</u>
<u>Plant Funds:</u>				
<u>Unexpended:</u>				
Cash in bank				
Revolv. funds	\$ 689,736.71	\$ 174,709.53		\$ 864,446.24
Unreal.income	28,666.60			28,666.60
Total unex- pended	<u>\$ 718,403.31</u>	<u>\$ 174,709.53</u>		<u>\$ 893,112.84</u>
<u>Investment in Plant:</u>				
<u>Construction</u>				
authorized	\$ 225,000.00			\$ 225,000.00
Fixed assets	25,498,340.61	\$ 2,711,576.99		28,209,917.60
Total-Invested	<u>\$ 25,723,340.61</u>	<u>\$ 2,711,576.99</u>		<u>\$ 28,434,917.60</u>
Total-Plant	<u>\$ 26,441,743.92</u>	<u>\$ 2,886,286.52</u>		<u>\$ 29,328,030.44</u>
	<u>Loan</u>	<u>Endowment</u>	<u>Agency</u>	
<u>Other Funds:</u>				
Cash in bank	\$ 5,311.05	\$ 6,202.02	\$ 49,792.77	\$ 61,305.84
Notes receiv.	4,436.01			4,436.01
Investments	68,000.00	196,081.96	15,000.00	279,081.96
Total other funds	<u>\$ 77,747.06</u>	<u>\$ 202,283.98</u>	<u>\$ 64,792.77</u>	<u>\$ 344,823.81</u>
Total Assets				<u>\$ 37,710,692.29</u>

University of Kentucky
BALANCE SHEET
As of November 30, 1950

LIABILITIES

	<u>Division of Colleges</u>	<u>Agricultural Experiment Station</u>	<u>Agricultural Extension Division</u>	<u>Total</u>
<u>Current Funds:</u>				
<u>General:</u>				
<u>Res. for encumbrances:</u>				
Current year	\$ 263,452.43	\$ 72,663.36		\$ 336,115.79
Prior year	105,407.46	8,940.10		114,347.56
Res. for inventories	596,265.63	27,910.00		624,175.63
Other liabilities	111,768.20			111,768.20
Unapprop. surplus	426,894.25	253,805.70	\$ 3,249.81	683,949.76
Approp. bals.	2,796,101.15	708,346.03	920,994.13	4,425,441.31
Total General	\$ 4,299,889.12	\$ 1,071,665.19	\$ 924,243.94	\$ 6,295,798.25
<u>Restricted:</u>				
Outstand.cks.	\$ 5,323.78			\$ 5,323.78
Restr. bals.	1,402,826.28	\$ 87,753.66	\$ 246,136.07	1,736,716.01
Total Restr.	\$ 1,408,150.06	\$ 87,753.66	\$ 246,136.07	\$ 1,742,039.69
Total Current	\$ 5,708,039.18	\$ 1,159,418.85	\$ 1,170,380.01	\$ 8,037,838.04
<u>Plant Funds:</u>				
<u>Unexpended:</u>				
<u>Res. for encumbrances:</u>				
Current year	\$ 434,818.60	\$ 12,724.26		\$ 447,542.86
Prior year		18,018.20		18,018.20
Surplus funds	24,653.98			24,653.98
Approp. bals.	258,930.73	143,967.07		402,897.80
Total Unexpended	\$ 718,403.31	\$ 174,709.53		\$ 893,112.84
<u>Investment in Plant:</u>				
Bonds payable	\$ 2,820,000.00			\$ 2,820,000.00
Net invested	22,903,340.61	\$ 2,711,576.99		25,614,917.60
Total invested	\$ 25,723,340.61	\$ 2,711,576.99		\$ 28,434,917.60
Total Plant	\$ 26,441,743.92	\$ 2,886,286.52		\$ 29,328,030.44
	<u>Loan</u>	<u>Endowment</u>	<u>Agency</u>	
<u>Other Funds:</u>				
Bal. as to principal	\$ 56,297.61	\$ 199,928.18	\$ 64,792.77	\$ 321,018.56
Bal. as to income	21,449.45	2,355.80		23,805.25
Total other funds	\$ 77,747.06	\$ 202,283.98	\$ 64,792.77	\$ 344,823.81
 Total Liabilities				 \$ 37,710,692.29

University of Kentucky
STATEMENT OF CHANGES IN UNAPPROPRIATED SURPLUS AND SURPLUS PLANT FUNDS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

Division of Colleges

	<u>General</u>	<u>Plant</u>	<u>Total</u>
Balance, July 1, 1950	\$ 539,027.92	\$ 195,845.69	\$ 734,873.61
Additions:			
Proceeds of bond issues		\$ 76,143.17	\$ 76,143.17
Encumb. liquidations	\$ 12,961.61	393,042.52	406,004.13
Transfers	65,199.56		65,199.56
Estimated income	4,283,807.37	202,783.00	4,486,590.37
Total additions	<u>\$ 4,361,968.54</u>	<u>\$ 671,968.69</u>	<u>\$ 5,033,937.23</u>
Total credits	<u>\$ 4,900,996.46</u>	<u>\$ 867,814.38</u>	<u>\$ 5,768,810.84</u>
Deductions:			
Transfers		\$ 62,649.56	\$ 62,649.56
Appropriations	\$ 4,474,102.21	780,510.84	5,254,613.05
Total Deductions	<u>\$ 4,474,102.21</u>	<u>\$ 843,160.40</u>	<u>\$ 5,317,262.61</u>
Balance, November 30, 1950	<u>\$ 426,894.25</u>	<u>\$ 24,653.98</u>	<u>\$ 451,548.23</u>

Agricultural Experiment Station

	<u>General</u>	<u>Plant</u>	<u>Total</u>
Balance, July 1, 1950	\$ 426,355.15	\$ 13,001.69	\$ 439,356.84
Additions:			
Encumb. liquidations		\$ 4,761.24	\$ 4,761.24
Transfers		141,125.26	141,125.26
Estimated income	\$ 1,136,602.21		1,136,602.21
Total additions	<u>\$ 1,136,602.21</u>	<u>\$ 145,886.50</u>	<u>\$ 1,282,488.71</u>
Total credits	<u>\$ 1,562,957.36</u>	<u>\$ 158,888.19</u>	<u>\$ 1,721,845.55</u>
Deductions:			
Encumbrance liquidations	\$ 377.23		\$ 377.23
Transfers	141,125.26		141,125.26
Appropriations	1,167,649.17	\$ 158,888.19	1,326,537.36
Total deductions	<u>\$ 1,309,151.66</u>	<u>\$ 158,888.19</u>	<u>\$ 1,468,039.85</u>
Balance, November 30, 1950	<u>\$ 253,805.70</u>		<u>\$ 253,805.70</u>

University of Kentucky
STATEMENT OF CHANGES IN UNAPPROPRIATED SURPLUS AND SURPLUS PLANT FUNDS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

Division of Colleges

Agricultural Extension Division

	<u>General</u>	<u>Plant</u>	<u>Total</u>
Balance, July 1, 1950	\$ 2,711.30		\$ 2,711.30
Additions:			
Fire loss claims			
Encumb. liquidations	\$ 538.51		\$ 538.51
Estimated income	1,558,481.93		1,558,481.93
Total additions	<u>\$1,559,020.44</u>		<u>\$1,559,020.44</u>
Total credits	<u>\$1,561,731.74</u>		<u>\$1,561,731.74</u>
Deductions:			
Appropriations	\$1,558,481.93		\$1,558,481.93
Total deductions	<u>\$1,558,481.93</u>		<u>\$1,558,481.93</u>
Balance, November 30, 1950	<u>\$ 3,249.81</u>		<u>\$ 3,249.81</u>

University of Kentucky
STATEMENT OF UNREALIZED INCOME
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

General Fund

	<u>Budget Estimate</u>	<u>Realized to Date</u>	<u>Unrealized Balance</u>
<u>Division of Colleges:</u>			
<u>Educational and General:</u>			
State appropriations	\$2,714,400.00	\$1,647,950.00	\$1,066,450.00
Federal grants (through the State)	127,617.87	87,617.87	40,000.00
Student fees	1,131,515.00	328,401.86	803,113.14
Endowment income	9,644.50	4,822.25	4,822.25
Sales and services and rentals	40,200.00	9,908.41	30,291.59
Subtotal	<u>\$4,023,377.37</u>	<u>\$2,078,700.39</u>	<u>\$1,944,676.98</u>
 <u>Auxiliary Enterprises:</u>			
Residence halls	\$ 337,200.00	\$ 192,785.18	\$ 144,414.82
Miscellaneous	93,414.00	88,883.75	4,530.25
Subtotal	<u>\$ 430,614.00</u>	<u>\$ 281,668.93</u>	<u>\$ 148,945.07</u>
Total-Colleges	<u>\$4,453,991.37</u>	<u>\$2,360,369.32</u>	<u>\$2,093,622.05</u>
<u>Less</u> -Income allocated to plant	170,184.00	170,184.00	
Net-Colleges	<u>\$4,283,807.37</u>	<u>\$2,190,185.32</u>	<u>\$2,093,622.05</u>
		(51.1%)	
 <u>Agricultural Experiment Station:</u>			
State appropriations	\$ 376,550.00	\$ 296,330.00	\$ 80,220.00
Federal grants (direct)	310,852.21	154,376.60	156,475.61
Sales and services	449,200.00	165,883.38	283,316.62
Total-Experiment Station	<u>\$1,136,602.21</u>	<u>\$ 616,589.98</u>	<u>\$ 520,012.23</u>
		(54.2%)	
 <u>Agricultural Extension Division:</u>			
State appropriations	\$ 406,050.00	\$ 246,050.00	\$ 160,000.00
Federal grants (direct)	1,152,431.93	576,190.97	576,240.96
Total-Agricultural Extension	<u>\$1,558,481.93</u>	<u>\$ 822,240.97</u>	<u>\$ 736,240.96</u>
		(52.8%)	
Total-General	<u>\$6,978,891.51</u>	<u>\$3,629,016.27</u>	<u>\$3,349,875.24</u>
		(52.0%)	
 <u>Plant Fund</u>			
General income allocated	\$ 170,184.00	\$ 170,184.00	
Stores overhead	32,599.00	3,932.40	\$ 28,666.60
Total-Plant	<u>\$ 202,783.00</u>	<u>\$ 174,116.40</u>	<u>\$ 28,666.60</u>
		(85.9%)	
Combined Total	<u>\$7,181,674.51</u>	<u>\$3,803,132.67</u>	<u>\$3,378,541.84</u>
		(53.0%)	

University of Kentucky
STATEMENT OF DEPARTMENTAL APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

General Fund

	<u>Dept.</u> <u>Approp.</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>Approp.</u> <u>Balances</u>
<u>Division of Colleges:</u>				
<u>Adm. & Gen. Expense:</u>				
Gen. Adm. Ofcs.	\$ 220,772.00	\$ 84,653.11	\$ 3,770.83	\$ 132,348.06
Student welfare	7,318.00	2,740.80		4,577.20
General expense	81,816.00	23,176.68	11,416.47	47,222.85
Subtotal	<u>\$ 309,906.00</u>	<u>\$ 110,570.59</u>	<u>\$ 15,187.30</u>	<u>\$ 184,148.11</u>
			(40.6%)	
<u>Instruction and Research:</u>				
<u>College of -</u>				
Arts and Sciences	\$ 1,357,792.60	\$ 485,523.30	\$ 36,362.86	\$ 835,906.44
Engineering	382,803.00	126,181.58	17,340.97	239,280.45
Commerce	164,049.00	63,699.71	1,064.37	99,284.92
Agriculture and Home Ec.	211,022.00	76,922.20	1,701.35	132,398.45
Law	64,204.91	25,346.92	959.19	37,898.78
Education	291,880.11	100,684.98	6,537.22	184,657.91
Pharmacy	82,654.92	23,752.75	8,410.70	50,491.47
Graduate School	9,400.83	4,138.06	73.48	5,189.29
University Res.	23,000.00	4,171.90	1,928.22	16,899.88
Library	233,460.00	74,973.87	25,833.20	132,652.93
Univ. Extension	122,708.00	34,148.38	4,744.56	83,812.06
Other activities	21,650.00	2,682.15	4,964.26	14,003.59
Subtotal	<u>\$ 2,964,625.37</u>	<u>\$ 1,022,225.82</u>	<u>\$ 109,923.38</u>	<u>\$ 1,832,476.17</u>
			(38.2%)	
<u>Operation and Maintenance</u> <u>of Physical Plant, etc.</u>				
General approp.	\$ 691,374.00	\$ 200,308.66	\$ 82,772.11	\$ 408,293.23
Special approps.	70,000.00	4,831.84	2,528.50	62,639.66
Work in progress	25,000.00	397.00*		25,397.00
General stores, etc.	25,000.00	26,683.62*		51,683.62
Surplus Property	2,250.00	500.00	750.00	1,000.00
Subtotal	<u>\$ 813,624.00</u>	<u>\$ 178,559.88</u>	<u>\$ 86,050.61</u>	<u>\$ 549,013.51</u>
			(32.5%)	
<u>Auxiliary Enterprises:</u>				
Residence halls	\$ 292,773.00	\$ 94,425.53	\$ 41,548.63	\$ 156,798.84
Miscellaneous	93,173.84	8,766.81	10,742.51	73,664.52
Subtotal	<u>\$ 385,946.84</u>	<u>\$ 103,192.34</u>	<u>\$ 52,291.14</u>	<u>\$ 230,463.36</u>
			(40.3%)	
Total-Colleges	<u>\$ 4,474,102.21</u>	<u>\$ 1,414,548.63</u>	<u>\$ 263,452.43</u>	<u>\$ 2,796,101.15</u>
			(37.5%)	

*Negative number

University of Kentucky
STATEMENT OF DEPARTMENTAL APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

General Fund

	<u>Depart.</u> <u>Approp.</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>Approp.</u> <u>Balances</u>
<u>Agricultural Experiment Station:</u>				
Administration	\$ 150,301.00	\$ 31,109.21	\$ 14,593.08	\$ 104,598.71
Agronomy	186,822.00	69,721.83	4,302.75	112,797.42
Animal Husbandry	74,490.00	34,950.77	4,315.16	35,224.07
Animal Pathology	59,050.00	24,781.25	255.71	34,013.04
Creamery License	12,000.00	4,562.98	493.62	6,943.40
Dairy	43,335.00	17,471.87	3,475.36	22,387.77
Dairy Cattle improve- ment	15,000.00	4,798.15	2,288.58	7,913.27
Entomology & Botany	76,270.00	27,939.56	3,310.94	45,019.50
Farm Economics	57,685.00	21,662.42		36,022.58
Feed & Fertilizer	140,000.00	30,021.94	22,798.88	87,179.18
Home economics	17,100.00	5,484.43		11,615.57
Horticulture	41,980.00	16,611.94	965.33	24,402.73
Markets & Rural Fin.	85,224.00	27,926.89		57,297.11
Poultry	32,728.00	12,354.54	1,933.52	18,439.94
Publications	28,247.17	5,444.07	1,502.53	21,300.57
Public Service Labs.	33,050.00	11,573.40	366.08	21,110.52
Regional research	10,325.00	3,071.94		7,253.06
Robinson Substation	22,400.00	7,628.29	2,877.44	11,894.27
Rural Sociology	32,242.00	13,408.84		18,833.16
Seed Stocks	7,000.00	2,849.98		4,150.02
West Ky. Substation	40,400.00	12,680.96	9,184.38	18,534.66
Library	2,000.00	584.52		1,415.48
Total-Agricultural Experiment Station	\$1,167,649.17	\$ 386,639.78	\$ 72,663.36	\$ 708,346.03
			(39.3%)	

University of Kentucky
STATEMENT OF DEPARTMENTAL APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

General Fund

	<u>Depart.</u> <u>Approp.</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>Approp.</u> <u>Balances</u>
<u>Agricultural Extension Division:</u>				
Administration	\$ 57,328.00	\$ 22,540.95		\$ 34,787.05
Agr. Engineering	18,840.00	9,112.43		9,727.57
Agronomy	34,087.50	12,496.05		21,591.45
Animal Husbandry	22,260.00	9,415.23		12,844.77
Clothing	12,220.00	4,354.65		7,865.35
County Agents	719,414.44	299,135.11		420,279.33
Dairy	21,010.00	7,392.22		13,617.78
Farm & Home Conven.	1,500.00			1,500.00
Farm Management	13,520.00	6,078.68		7,441.32
Forestry	5,780.00	4,036.40		1,743.60
Foods	11,500.00	4,247.42		7,252.58
Home Dem. Agents	431,030.00	186,383.87		244,646.13
Home Management	26,660.00	10,196.32		16,463.68
Horticulture	17,645.00	7,051.33		10,593.67
Junior Clubs	78,461.99	30,933.47		47,528.52
Markets	13,265.00	5,336.31		7,928.69
Poultry	21,790.00	7,413.94		14,376.06
Publications	13,850.00	1,776.95		12,073.05
Public Information	16,850.00	7,447.96		9,402.04
Rural Sociology	5,100.00	2,138.51		2,961.49
Miscellaneous	16,370.00			16,370.00
Total-Agricultural Extension Div.	<u>\$1,558,481.93</u>	<u>\$ 637,487.80</u>		<u>\$ 920,994.13</u>
		(40.9%)		
Combined Total	<u>\$7,200,233.31</u>	<u>\$2,438,676.21</u>	<u>\$ 336,115.79</u>	<u>\$4,425,441.31</u>
		(38.5%)		

University of Kentucky
STATEMENT OF PLANT APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

	<u>Plant Funds</u>			
<u>Dept.</u>	<u>Approp.</u>	<u>Expendi- tures</u>	<u>Encum- brances</u>	<u>Free Balance</u>
<u>Division of Colleges:</u>				
P.W.A. First Bond				
Issue	\$ 37,003.37	\$ 66.18		\$ 36,937.19
P.W.A. Second Bond				
Issue	17,071.16	8,547.31		8,523.85
Dorm. Rev. Bond Issue	23,017.00	4,022.50		18,994.50
Audit-Fieldhouse Issue	103,053.50	51,343.75		51,709.75
Library & Service Bldg. Bond Issue	47,130.77	7,317.50		39,813.27
Stadium Rev. Bond				
Issue	23,630.50	4,256.25		19,374.25
Dorm. Issue-Rose St.	1,642.17	1,490.00		152.17
Journalism Bond Issue	744.45	3,052.50		2,308.05*
Dicker House Annuity	363.01	132.33		230.68
Fieldhouse	31,761.36		\$ 1,511.19	30,250.17
Norwood Hall fire loss bal.	15,911.25			15,911.25
Service Bldg. constr.	122,207.96		111,207.96	11,000.00
Fine Arts Bldg.	3,595.32	1,952.15		1,643.17
Dairy Center	2,030.44	2,031.04		.60*
Journalism	268,627.36		247,599.45	21,027.91
Dorm. Constr.-Rose Street	74,500.00		74,500.00	
Libr. & Sv. Bldg.				
Clearance	1,227.90			1,227.90
Sprinkler System	2,550.00	2,550.00		
Omicron Delta Kappa				
Intra-Mural	4,443.32			4,443.32
Subtotal	<u>\$ 780,510.84</u>	<u>\$ 86,761.51</u>	<u>\$ 434,818.60</u>	<u>\$ 258,930.73</u>
			(66.8%)	

*Expenditures and encumbrances in excess of approp. or negative figure

University of Kentucky
STATEMENT OF PLANT APPROPRIATIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

	<u>Plant Funds</u>			
	<u>Dept.</u> <u>Approp.</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>Free</u> <u>Balance</u>
<u>Agricultural Experiment Station:</u>				
Animal Path. Bldg.	\$ 1,787.93		\$ 603.00	\$ 1,184.93
Repairs & new equipment	16,500.26	2,196.86	2,131.86	12,171.54
West Ky. Tobacco barn	3,800.00		3,540.00	260.00
West Ky. Water system	6,600.00		6,400.00	200.00
Agr. Engr. bldg.	75,000.00			75,000.00
Sheep barns	2,500.00			2,500.00
Brooder House	8,500.00			8,500.00
Miscellaneous	44,200.00		49.40	44,150.60
Subtotal	<u>\$ 158,888.19</u>	<u>\$ 2,196.86</u>	<u>\$ 12,724.26</u>	<u>\$ 143,967.07</u>
			(93.9%)	
Combined Total	<u>\$ 939,399.03</u>	<u>\$ 88,958.37</u>	<u>\$ 447,542.86</u>	<u>\$ 402,897.80</u>
			(57.1%)	

University of Kentucky
STATEMENT OF OTHER FUND TRANSACTIONS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

	<u>Balance</u> <u>July 1, 1950</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>Nov. 30, 1950</u>
<u>Restricted Funds:</u>				
Div. of Colleges	\$ 1,301,510.02	\$ 548,907.45	\$ 447,591.19	\$ 1,402,826.28
Agr. Exp. Station	98,891.21	37,025.38	48,163.03	87,753.56
Agr. Ext. Division	247,236.26	50,100.90	51,201.09	246,136.07
Subtotal	<u>\$ 1,647,637.49</u>	<u>\$ 636,033.73</u>	<u>\$ 546,955.31</u>	<u>\$ 1,736,715.91</u>
<u>Loan Fund:</u>				
Principal	\$ 56,297.61			\$ 56,297.61
Income	20,923.96	\$ 525.49		21,449.45
Subtotal	<u>\$ 77,221.57</u>	<u>\$ 525.49</u>		<u>\$ 77,747.06</u>
<u>Endowment Funds:</u>				
Principal	\$ 198,428.18	\$ 1,000.00		\$ 199,428.18
Income	2,298.60	110.75	\$ 53.55	2,355.80
Subtotal	<u>\$ 200,726.78</u>	<u>\$ 1,110.75</u>	<u>\$ 53.55</u>	<u>\$ 201,783.98</u>
<u>Agency Funds:</u>				
Balances	\$ 80,627.42	\$ 136,993.73	\$ 152,828.38	\$ 64,792.77
Combined Totals	<u>\$ 2,006,213.26</u>	<u>\$ 774,663.70</u>	<u>\$ 699,837.24</u>	<u>\$ 2,081,039.72</u>

University of Kentucky
STATEMENT OF STATE AND FEDERAL ALLOTMENTS
 For the Current Fiscal Period which began
 July 1, 1950 and ended November 30, 1950

	<u>Allotted to Date</u>	<u>Expendi- tures</u>	<u>Encum- brances</u>	<u>Free Balance</u>
<u>Division of Colleges</u>				
<u>State Allotments:</u>				
Current year	\$ 1,647,950.00	\$ 1,186,193.85	\$ 41,865.19	\$ 419,890.96
Prior years	10,070.94		10,070.94	
Total	\$ 1,658,020.94	\$ 1,186,193.85	\$ 51,936.13	\$ 419,890.96
<u>Revolving Funds:</u>				
Current year	\$ 1,727,381.67	\$ 307,143.89	\$ 553,873.41	\$ 866,364.37
Prior years	192,277.04		84,901.07	107,375.97
Total	\$ 1,919,658.71	\$ 307,143.89	\$ 638,774.48	\$ 937,740.34
<u>Agricultural Experiment Station</u>				
<u>State Allotments:</u>				
Current year	\$ 296,330.00	\$ 117,438.11	\$ 1,834.94	\$ 177,056.95
Prior years	1,621.23		1,621.23	
Total	\$ 297,951.23	\$ 117,438.11	\$ 3,456.17	\$ 177,056.95
<u>Federal Allotments:</u>				
Current year	\$ 154,376.60	\$ 122,358.87		\$ 32,017.73
Prior years	11,281.34			11,281.34
Total	\$ 165,657.94	\$ 122,358.87		\$ 43,299.07
<u>Revolving Funds:</u>				
Current year	\$ 569,695.39	\$ 149,039.66	\$ 60,902.92	\$ 359,752.81
Prior years	22,590.51		22,590.51	
Total	\$ 592,285.90	\$ 149,039.66	\$ 83,493.43	\$ 359,752.81
<u>Agricultural Extension Division</u>				
<u>State Allotments:</u>				
Current year	\$ 246,050.00	\$ 161,760.72		\$ 84,289.28
Prior years				
Total	\$ 246,050.00	\$ 161,760.72		\$ 84,289.28
<u>Federal Allotments:</u>				
Current year	\$ 576,190.97	\$ 475,727.08		\$ 100,463.89
Prior years	3,249.81			3,249.81
Total	\$ 579,440.78	\$ 475,727.08		\$ 103,713.70

University of Kentucky
STATEMENT OF COMBINED RECEIPTS AND EXPENDITURES
For the Current Fiscal Period which began
July 1, 1950 and ended November 30, 1950

Receipts and Transfers:

General income	\$3,629,016.27
Plant income	174,116.40
Restricted receipts	636,033.73
Loan fund receipts	525.49
Endowment fund receipts	1,110.75
Agency fund receipts	<u>136,993.73</u>
 Total Receipts	 <u><u>\$4,577,796.37</u></u>

Expenditures and Transfers (Including Encumbrances):

General fund expenditures	\$2,774,792.00
Plant fund expenditures	536,501.23
Restricted fund expenditures	546,955.31
Loan fund expenditures	
Endowment fund expenditures	53.55
Agency fund expenditures	<u>152,828.38</u>
 Total Expenditures	 <u><u>\$4,011,130.47</u></u>

The balance sheet and financial statements were examined and, after due consideration, motion was made, seconded and carried that the report be received and made a part of the minutes.

D. Annual Report of the Comptroller.

The Secretary distributed to members of the Board copies of the annual report of the Comptroller for the year ended June 30, 1950. He urged that the report be carefully studied, and emphasized various exhibits and schedules as being of particular interest.

The report was received, and authorized released.

E. Report of the President

Salary Adjustment for Employees of the University

President Donovan made the following statement to members of the Board with reference to his recommendation for salary increases for members of the staff.

Last April when the budget of the University of Kentucky was presented to the Board of Trustees for its consideration very few salary increases could be made because it appeared that the funds available for the operation and maintenance of the University for the current year would not permit any such increases. It has been a year and a half since there was any general increase in the salaries of the staff members of the University, and at that time not all the personnel received increases.

The reason why we were unable to make any salary adjustments last April was partially because the Veterans Administration had some months earlier decided that the Morrill-Nelson and Bankhead-Jones funds for the further endowment of the land-grant colleges could not be included in figuring the cost of instruction for the G.I.'s. This decision on the part of the Veterans Administration cost the University between \$350,000 and \$400,000.

It is now a matter of history that the Association of Land-Grant Colleges and Universities took this matter to the Congress of the United States and asked that the G. I. Bill of Rights be amended to force the Veterans Administration to restore the funds which it had withheld from us. By vote

of 245 to 101 in the House and by a unanimous vote in the Senate, Public Law 571 was passed by the Congress in June, restoring to the institutions the Morrill-Nelson and the Bankhead-Jones funds which the Veterans Administration had appropriated for its own credit. This action by the Congress not only restored our endowment funds but established the principle that these funds are for the further endowment of the institutions and therefore inviolate.

For five years I have been Chairman of the Joint Committee on Veterans Affairs of the Association of Land-Grant Colleges and Universities and the National Association of State Universities. Our committee made a desperate fight to keep the Veterans Administration from capturing these funds and it persuaded the Association of Land-Grant Colleges and Universities and the National Association of State Universities to lead the fight to get Congress to enact legislation requiring the Veterans Administration to respect the inviolable character of these funds. While there were many persons and institutions playing a prominent part in this controversy, the initiative originated in our committee, and I think I am justified in saying that if this committee had not persisted in keeping this issue before the associations, the universities involved would have lost these funds.

Now that these funds are being restored I have the definite conviction that they in reality belong to the faculty, staff, and other employees of the University. If they had not been withheld from the University of Kentucky, salary increases would have been recommended heretofore and I feel reasonably certain that the Board of Trustees would have approved that recommendation. Since these funds, amounting to from \$350,000 to \$400,000, will presently be restored to the University, I am presenting to you today a recommendation that all full-time employees, including deans, professors, associate professors, assistant professors, instructors, secretaries, clerks, technicians and other administrative officers (except the President of the University) be given a seven and a half per cent increase in their present salaries, effective December 1, and that the campus labor be given wage increases of from four to twelve cents per hour. The variation in the hourly rate is for the purpose of ironing out inequalities that may have heretofore existed in the wage scale. This increase does not apply to those holding scholarships, fellowships, assistantships, or temporary part-time instructors.

In making a recommendation involving such a large sum of money, I feel that the Board of Trustees is entitled to information that would justify such action. Therefore, I wish to present what I regard as convincing evidence that this recommendation should be approved.

Salaries at the University of Kentucky
and at Comparable Institutions

Two salary studies are available which seem to provide a reasonably fair basis of comparison.

1. A survey of salaries paid in 51 land-grant colleges and universities in 1949-50*. We can be reasonably certain that the salaries for 1950-51 would be somewhat higher than those reported for 1949-50, but we can only guess as to how much higher. In this study the report separates those staff members employed on the basis of the regular school year from those employed on an 11 or 12-months' basis. Since practically all salaries at the University of Kentucky are reported on a 12-months' basis, we must make a comparison in this study with either the latter figures or convert the former to a 12-months' basis. Neither comparison is quite fair. It is a known fact that, in those situations where staff members in relatively large numbers are employed on both bases, the salaries of those on 12-months' employment are not as a rule as high proportionately as are the salaries of those on a regular-school-year or 10-months' basis. On the other hand, an accurate comparison is not necessarily obtained by adding two-tenths to the average salary for the regular school year. This assumes that all have the advantage of twelve months of employment, which is not true; and it erroneously assumes also that the institution paying on a 10-months' basis would automatically add two-tenths to each salary if it changed to a 12-months' basis.

2. The second source of information is a survey of salaries for the current year (1950-51) in 21 state universities.** Since all salary averages are reported on the basis of the regular school year, comparisons with the University of Kentucky can be made only by converting these averages to a 12-months' basis. This proceeding injects into the data the possible errors mentioned above.

With the above limitations in mind, the following comparisons are made:

*Federal Security Agency, Office of Education. Preliminary statistics of Land-Grant Colleges and Universities. November, 1950.

**This study was made by the University of Texas and, in addition to that institution, covers the following: Arkansas, California (Berkeley), Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Michigan, Minnesota, Missouri, North Carolina, Ohio State, Oklahoma, Oregon, Purdue, Tennessee, Washington and Wisconsin.

TABLE I

	<u>Instructor</u>	<u>Assistant Professor</u>	<u>Associate Professor</u>	<u>Professor</u>
University of Kentucky (Before Increase)	<u>\$3572</u>	<u>\$4418</u>	<u>\$5050</u>	<u>\$6228</u>
University of Kentucky (After Increase)	<u>3840</u>	<u>4749</u>	<u>5429</u>	<u>6695</u>
21 Universities, 1950-51 (9 Months')	3195	4000	4787	6396
21 Universities, 1950-51 (Converted to 12 Months)	3834	4800	5744	7675
Land-grant Institutions (9 Months', 1949-50)	3202	4085	4930	6132
Land-grant Institutions (11 & 12 Months' sal- aries, 1949-50)	3707	4575	5338	6569
Land-grant Institutions (9 Months' salaries converted to 12 Months', 1949-50)	3842	4902	5916	7358

At the rank of professor, 349 members of the staffs of land-grant institutions who were paid on the basis of the regular school year, received a higher salary than the highest that is proposed at the University of Kentucky for 12 months. An additional 432 who were on an 11 or 12-months' basis received salaries higher than the University of Kentucky's highest. To these two groups may be added 705 whose 9 months' salaries, on conversion to a 12-months' basis, exceed the University's highest salary after the proposed increase has been added. These groups together total 1,486, or about 24 per cent of all professors covered by the study. It must be recalled, too, that the land-grant data are for 1949-50 and do not include increases that may have been given for this year.

It seems safe to assert that, after the proposed increases have been given, salaries at the University of Kentucky will compare with the average in similar institutions about as follows:

1. Instructors will be paid as well and perhaps somewhat better than the average.
2. Assistant professors will be paid at approximately the average rate.

3. Associate professors will be paid less than the average by perhaps \$200.
4. Professors will be paid less than the average by perhaps as much as \$500.

Comparison of Wage Scale, Division of Operations and Maintenance, with Prevailing Wage Rates in Lexington.

The wage scale for skilled and unskilled labor working in the Division of Maintenance and Operations is and has always been under prevailing wage rates in Lexington and adjoining communities. The current wage scale at the University is from 60 to 100 per cent under the present Union wage rate for skilled and unskilled workmen in this area. The following job classifications, with Union rates and University of Kentucky rates more clearly present this point:

TABLE II

	<u>Union Rate</u>	<u>U. of Ky.</u>
Air compressor operators	\$ 2.10	\$.88
Brick layers	2.75	.88
Carpenters	2.10	1.13
Cement finishers	2.10	1.23
Electricians	2.27½	1.29
Engineers (boiler plant operating engineers)	2.30	1.23
Firemen	2.10	.90
Common labor	1.30	.78
Operators (crane, bulldozers, etc.)	2.30	.88
Painters	1.80	.93
Plasterers	2.10	1.28
Plumbers	2.36	1.23
Sheet metal workers	2.25	1.28
Steam fitters	2.36	1.23
Truck drivers	1.50	.88

Fortunately, the University is not forced to hold to firm classifications. Our mechanics are frequently called upon to do the work of several different trades. To illustrate: during the recent weather emergency, one of our truck drivers, whose wage scale is 88¢ an hour, was called upon to operate a caterpillar tractor for which the Union pays \$2.30 an hour.

The current "going" wage scale at the Lexington Signal Depot,

the narcotic hospital, and the U. S. Veterans' Hospital, for the best janitor is \$1.30 an hour; our highest rate for this classification is 68¢ per hour. We are now paying grounds-men at the University, for the best workmen, 78¢ per hour; the Union scale in Lexington is \$1.30 per hour.

The figures used for this statement represent rates paid at the University for our best workmen in each classification. The Union rate represents the amount paid to all workmen in each classification.

It should be pointed out, however, that our labor is employed the year round and not subject to layoffs or shutdowns. These employees also have paid vacations, sick leaves, and a favorable retirement arrangement.

Increase in Cost of Living

The most cogent reason for a salary increase is not to be found in a comparison of salaries of professors in the University with those in other institutions, or in the comparison of the rate or wage paid our labor with union labor scales, but in the very great increase in the cost of living which has occurred during the past five years, and especially since the beginning of the Korean War in June. In a brochure published by Standard and Poor Corporation of New York in September the following statement is made:

You can see Inflation all around you. Money is getting less valuable.

In 1939 you could buy a good low-priced car for \$800. Today you're lucky if you can get one for \$1,800. According to the Bureau of Labor Statistics, in 1939 you could buy a pound of butter for 30¢, a dozen eggs for 28¢, a pound of bacon for 33¢. Today butter is 71¢, eggs 52¢, bacon 62¢. The housewife's basket of food that cost \$10 in 1939 costs \$22 today.

That's inflation.

Today an income of \$5,000 a year is worth only \$2,575 in 1939 dollars. Today the man who earns \$10,000 a year is worse off than the man who earned \$5,000 in 1939.

In order that you may have before you a graphic presentation of the change in the value of the dollar year by year over the past decade, I have requested Professor James W. Martin, who, as you well know, is regarded as one of the best authorities in this country on such matters, to make a study of the effects of

inflation as applied to the salaries of our employees. This chart will reveal to you far better than mere words can convey just what is happening to all salaried people today. You will note that a dollar today is worth only 57.2¢ as compared with the 1940 dollar. In spite of all the increases the University has made to its employees over the past decade, I am safe in saying that the professors, staff members, and other employees of the University are receiving less today in terms of what the dollar will purchase than they were ten years ago. Their standard of living at this time is not as high as it was when the Second World War broke.

As an interpretation of the chart Professor Martin makes the following statement:

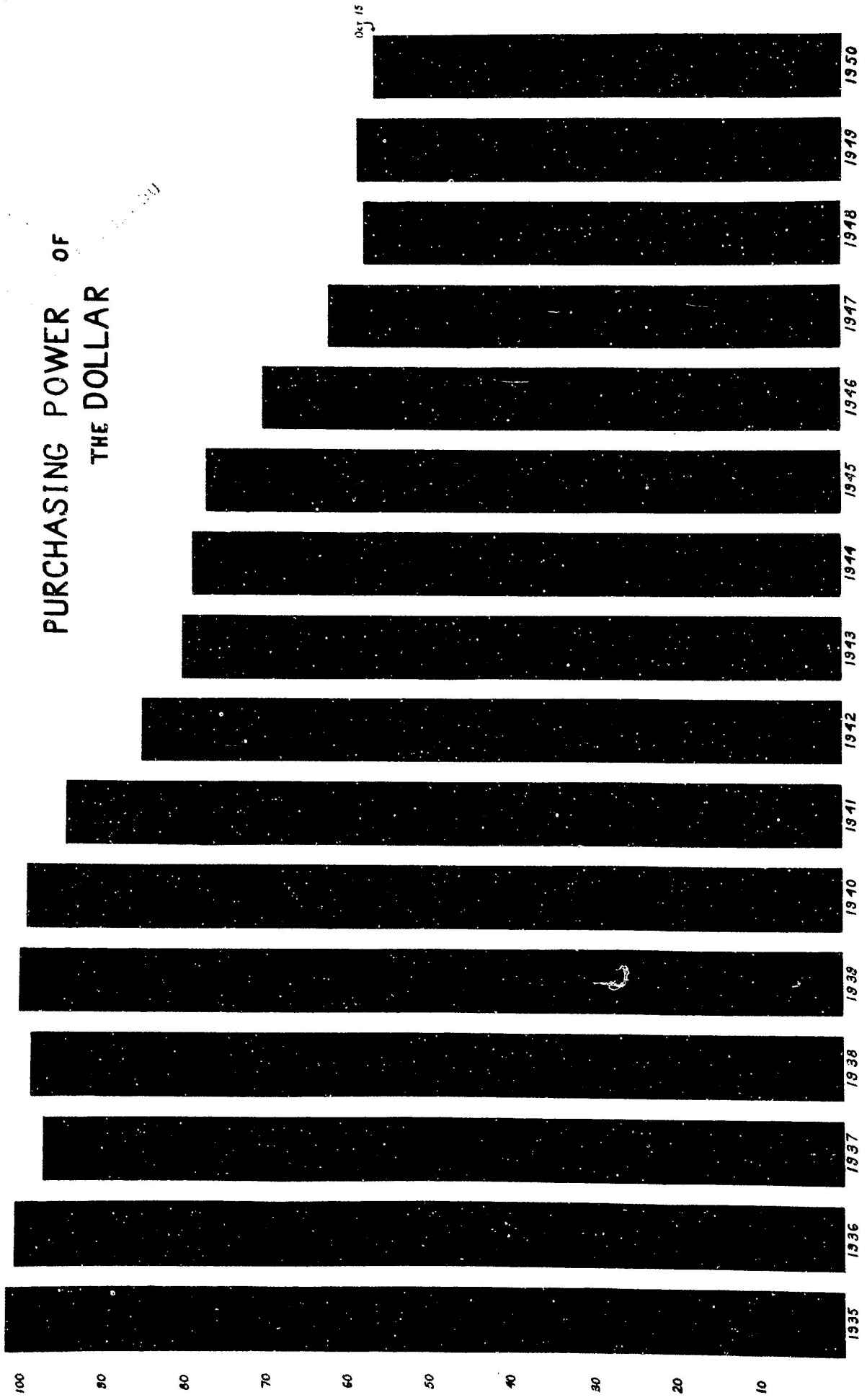
There are several indexes of prices in common use in **this** country. Two of them are better known and more widely used than the others, one the index of wholesale prices and the other the index of consumer prices, both by the Bureau of Labor Statistics of the United States Department of Labor. In considering what amount a dollar in the hands of a University staff member will purchase, it is desirable to employ the consumer price index rather than the wholesale price index; that is to say, University staff members are consumers rather than investors in cotton or steel or other basic commodities at wholesale. The purchasing power of the dollar as depicted in the attached chart is computed, therefore, on the basis of what a dollar will buy in consumer goods and services.

It is to be noted that the final bar, unlike the annual averages used for the other bars, presents the facts with respect to the purchasing power of the dollar as of a specified date, the most recent one for which the Bureau of Labor Statistics has released data.

Although the bar shows the purchasing power for the last date available according to the official index, certain other statistical material already published shows that the figures for December would depict a decided further slump in the value of the consumer's dollar. The uncertainty at the present time concerns merely the amount of the slump.

The Comptroller has prepared data which show how much this increase will cost for each budgetary unit for the remainder of the current year 1950-51, and for 1951-52, the second year of the biennium. The total cost for the seven months remaining in this year is \$241,537.55 and for the full year 1951-52, \$414,002.52.

PURCHASING POWER OF THE DOLLAR



1935-1939 = 100 CENTS

TABLE IV

UNIVERSITY OF KENTUCKY
Summary of Budgetary Salary Increases
Effective December 1, 1950 thru
June 30, 1952

<u>Department</u>	<u>7 Months Remainder of Fiscal Year</u>	<u>Increases 12 Months</u>
Administrative & General Expense:		
Office of the President	\$ 163.38	\$ 280.08
Office of the Vice President	514.57	882.12
Office of the Comptroller	259.00	444.00
Accounting Division	987.21	1,692.36
Purchasing Division	659.26	1,130.16
Dean of Men	423.57	726.12
Dean of Women	1,447.95	2,482.20
Registrar's Office	1,680.28	2,880.48
Personnel Office	1,075.69	1,844.04
YMCA-YWCA Subsidy	222.88	382.08
Public Relations	483.00	828.00
Alumni Office	206.50	354.00
Stenographic Bureau	283.50	486.00
University Radio Station	379.19	650.04
	<u>\$8,785.98</u>	<u>\$15,061.68</u>
Total General and Adminis- trative Expense		
Instruction, Research, & Re- lated Activities:		
College of Arts & Sciences	\$49,353.84	\$84,606.60
College of Engineering	11,469.82	19,662.48
College of Commerce	6,285.42	10,775.04
College of Agriculture and Home Economics	7,571.76	12,980.16
College of Law	2,405.76	4,124.16
College of Education	9,236.15	15,833.40
College of Pharmacy	2,016.21	3,456.36
Graduate School	339.50	582.00
University Press	340.76	584.16
University Extension	1,789.69	3,068.04
Northern Extension Center	1,227.38	2,104.08
Libraries	5,452.93	9,347.88
	<u>\$97,489.22</u>	<u>\$167,124.36</u>
Total Instruction, Research, & Related Activities		

Department	<u>Increases</u>	
	<u>7 Months</u>	<u>12 Months</u>
Maintenance and Operations:	\$ 24,455.34	\$ 41,923.44
Auxiliary Enterprises:		
Men's Residence Halls	\$ 350.00	\$ 600.00
Women's Residence Halls	1,533.00	2,628.00
College Athletics	282.38	484.08
Post Office	542.50	930.00
Total Auxiliary Enterprises	<u>\$ 2,707.88</u>	<u>\$ 4,642.08</u>
Total Division of Colleges - General	\$133,438.42	\$228,751.56
Division of Colleges - Restricted		
University Health Service	\$ 1,544.20	\$ 2,647.20
Social Services	123.76	212.16
Dairy Products	219.31	375.96
Meat Laboratory	148.89	255.24
University Training School Cafeteria	217.00	37.00
Student Union Commons	772.94	1,325.04
Guignol Theatre	18.75	32.04
Cooperstown, Shawneetown, Veterans Housing	224.00	384.00
Student Union Building	679.00	1,164.00
Student Union Grill & Cafeteria	4,761.12	8,161.92
Musical Organizations	77.00	132.00
Swimming Pool - Physical Education - 2 Months Only	36.00	0
Kentucky Kernel	483.00	828.00
Supervision of Service Units	567.91	973.56
G. I. Overhead	502.26	861.00
Total Division of Colleges - Restricted	<u>\$10,375.14</u>	<u>\$ 17,724.12</u>
Total Division of Colleges General & Restricted	<u>\$143,813.56</u>	<u>\$246,475.68</u>
Agricultural Experiment Station	\$ 33,014.59	\$ 56,596.44
Agricultural Extension Division	64,709.40	110,930.40
Total Agricultural Extension & Experiment Station	\$ 97,723.99	\$167,526.84
Grand Total All Divisions & Departments	<u>\$241,537.55</u>	<u>\$414,002.52</u>

If the University is to hold its best employees, many of whom are now being offered positions with industry and government, as well as in other educational institutions, I am certain that we must make these increases in our salaries to offset the high cost of living and increased taxes. The University now finds itself in competition with industry, government and other educational institutions for the services of our people. If we do not do something for them promptly, we may expect to lose many of the most efficient employees of our University. Therefore, I recommend that the Board approve the scale of increases suggested in this report, effective December 1, 1950.

Members of the Board discussed at some length the recommendation of the President and the factual information submitted.

Upon motion duly made, seconded and carried, all full-time employees were authorized given $7\frac{1}{2}\%$ increase in their present salaries, effective December 1, 1950, and the service employees were authorized given wage increases of from four to twelve cents per hour, in accordance with the recommendation submitted by President Donovan. Student help, graduate assistants and part help were not included.

The Comptroller was authorized to increase budgets accordingly, funds to be taken from unappropriated surplus of the General, Experiment Station, Agricultural Extension Division, and Restricted budgets applicable to increases recommended.

Patterson Will

Reports concerning the will of the late James K. Patterson have been made to the Board and the Executive Committee from time to time. President Donovan made the following formal statement:

From time to time the question has been before the Board relative to when the University should plan, in cooperation with the Security Trust Company, the Trustees, to implement the will of the late James K. Patterson, former president of the University, who left the major portion of his property to establish a School of Diplomacy in memory of his son. Some months ago the Board of Trustees requested the firm of Woodward, Hobson and Fulton of Louisville, Kentucky, to give an opinion on whether or not the provisions of this will could legally be carried out at the present time and the School of Diplomacy established at an early date. An opinion was written on July 18, 1950 by Judge W. H. Fulton of the firm of Woodward, Hobson and Fulton, which advised the Board that there was no reason why the provisions of this will should not be implemented now.

The Board of Trustees directed Mr. Guy Huguelet, Chairman of the Executive Committee, and the President of the University to call upon Mr. E. S. Dabney of the Security Trust Company and convey to him the desire of the Board of Trustees that provisions

should be made to establish in the near future a School of Diplomacy as provided in Dr. Patterson's will. A copy of Judge Fulton's opinion was left with Mr. Dabney.

Mr. Dabney very graciously received your committee, expressed a genuine interest in the objective we sought to attain and stated that he would have the counsel for the Security Trust Company study this question and would give the Board an opinion at an early date.

The following letter from Mr. Dabney to the Secretary of the Board enclosed the opinion of the attorneys for the Security Trust Company.

SECURITY TRUST COMPANY

Lexington 6, Kentucky

November 30, 1950

Mr. Frank D. Peterson
Secretary of the Board of Trustees
University of Kentucky
Lexington, Kentucky

Dear Frank:

Replying further to your letter of November 25th concerning the will of James K. Patterson, the receipt of which has already been acknowledged, we now have received an opinion from Messrs. Harbison, Kessinger, Lisle & Bush concerning the rights, duties, and obligations of the Trustee under the Patterson will, a copy of which is enclosed.

I am happy to renew the suggestion which I made to Dr. Donovan and Mr. Huguelet that I would be glad to have a further conference on this subject when the attorneys' opinion was at hand, and will you please advise them to this effect.

Sincerely yours,

/s/ E. S. Dabney
E. S. Dabney, President.

LAW OFFICES OF
HARBISON, KESSINGER, LISLE & BUSH
SECURITY TRUST COMPANY BLDG.
LEXINGTON, KY.

30 November, 1950

Security Trust Company
Lexington, Kentucky
As Trustee u/w James K. Patterson

Gentlemen:

It was in mid-August that you asked for our opinion on the question of your authority, as Trustee under the will of James K. Patterson, (formerly President of the University of Kentucky) to accede to the plan, proposed on behalf of the University, for the establishment presently, - rather than in some possibly distant future year - of the William Andrew Patterson College of Diplomacy, provided for in the will. And we have given that question earnest study and reflection.

Starting with your Mr. Dabney's first statement of the situation to us, - which was a careful and yet forceful presentation of the beneficent possibilities of a present establishment of the College-, and with an understandable desire to promote the adoption of any proper means of accelerating the fruition of President Patterson's dream - and scheme - for the benefit of the University and of its future students, our initial impression was that the desirable result could somehow be lawfully achieved. But now that we've studied the will and given the whole question more extended consideration, we've been forced to the conclusion that, under the special language of the will and the facts as to the size and growth of the trust fund, your duty is to continue to accumulate, and that you could not justify any disbursement of that fund, or of the annual net income therefrom, at the present time.

We have carefully read the copy furnished us of the letter of last July from Messrs. Woodward, Hobson, & Fulton, Attorneys, of Louisville, to Mr. Peterson, the Comptroller of the University, on this general subject; but that letter is not addressed to the narrow question of your authority as Trustee, but rather more to a question as to the University's right to use the Patterson income now, - if you should turn it over now. And we find nothing in that letter of our Louisville brethren that would justify, in our opinion, the action you are now being asked to take.

It seems clear to us that the intent of the testator, as expressed in his will, is, that you shall invest the fund "at compound interest for a period of forty or fifty years" or until the annual yield will be "thirty-five or forty thousand dollars (\$35,000 or \$40,000)." He even says: "Indeed it may be found expedient to defer the establishment of the College of Diplomacy till after the lapse of fifty years which would materially increase the revenue. This shall be within the discretion of my Executors." Here is no expression of any notion of hurry or precipitateness. Nor is any such idea expressed anywhere in all of Clause "Thirteenth". The dominant note is one, not of haste, but of completion, - even though the time should extend beyond "the lapse of fifty years." And the elapsed time now is only 28 years.

The testator foresaw, as his express language shows, that his cherished scheme might take more than fifty years for its fulfillment: and yet he ordered it that way.

And his will does not contemplate any half-way measure: it does not include any provision for, nor does it even breathe any notion of, a college only partly endowed by him, and completed, or 'eked out', by the State. It is a personal thing: a devotion of the net result, financially, of his whole life and career, to a memorial, at his own University, to his own, deceased son. (And the devotion of a father to the memory of a deceased son is something very special - deep and intimate.) It is not the kind of a memorial that is intended to be an incomplete, or half-way, project; nor it is one that is normally intended to be shared, - even with one's own State.

Furthermore, there could be no certainty that the State would continue, year after year, to carry its share. And if the General Assembly should in some future year forbid the University to spend any more money on the project, then the testator's memorial would be incomplete: the College would have to cease operation, until a time, after more years of accumulation of the fund, when it could afford to start up again. And all of these considerations were presumably within the contemplation of the testator - who must have dreamed long days and nights of his noble project.

In fine, we are convinced that this will contemplates only the memorial it describes, and a personal, privately endowed and self-sufficient fund for its establishment; and that you as trustee are in duty bound to accumulate the fund accordingly. You, having assumed the burden of this trust under this will, are bound by the terms of the will, and cannot do anything that could fairly be said to constitute a deviation from these terms. The will is "the law of the

estate." In our opinion, for you to accede to, or join in, the plan proposed on behalf of the University, now, would be plainly contrary to the intent of this testator as expressed in his will, and would be a breach of your fiduciary duty.

Very respectfully,

HARBISON, KESSINGER, LISLE &
BUSH

By /s/ Clinton M. Harbison.

The opinion written by Judge W. H. Fulton, of the firm of Woodward, Hobson and Fulton of Louisville, Ky., and the opinion of the firm of Harbison, Kessinger, Lisle & Bush were read and discussed.

Various members of the Board expressed the view that the provisions of the will should be clarified by asking the Courts to declare the rights of the University of Kentucky and the trustee of the James K. Patterson will.

Upon motion duly made, seconded and carried, definite action was referred to the Executive Committee.

The Dawson Springs State Park

President Donovan made the following statement to members of the Board clarifying the position of the University as it relates to acceptance of the Dawson Springs State Park.

Last summer the 81st Congress passed Public Law 556. This act authorized that the Dawson Springs State Park be used for the benefit of the University of Kentucky. It did not convey, as I interpret the act, title of the property directly to the University. Following is the act:

H. R. 3480
AN ACT

To authorize the Commonwealth of Kentucky to use for certain educational purposes lands granted by the United States to such Commonwealth for State park purposes exclusively.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
That, notwithstanding any provision of the Act entitled

"An Act to authorize the transfer of certain lands in Hopkins County, Kentucky, to the Commonwealth of Kentucky", approved July 3, 1935 (Public Law Number 196, Seventy-fourth Congress), or any express condition in the conveyance of lands made by the United States to the Commonwealth of Kentucky pursuant to such Act, which limits to State park purposes exclusively the use of the lands so conveyed, the Commonwealth of Kentucky is authorized to use the Dawson Springs State Park, which comprizes such lands, for the use and benefit of the University of Kentucky: Provided, That if such lands are used for purposes other than for State park purposes pursuant to such Act of July 3, 1935, or for the use and benefit of the University of Kentucky as provided in this Act, title thereto shall revert to the United States.

Approved June 16, 1950.

The Dawson Springs Park property, since it was conveyed July 3, 1935, by the Congress to the Commonwealth of Kentucky, has been administered by the Commissioner of Conservation as a part of the park system of the state. After the passage of Public Law 556, Commissioner Ward requested the Attorney General to render an opinion with regard to how the transfer of the use of the property should be made and on November 14, 1950, the Assistant Attorney General, Squire N. Williams, Jr., wrote Commissioner Ward the following letter:

November 14, 1950

Honorable Henry Ward
 Commissioner of Conservation
 Department of Conservation
 Frankfort, Kentucky

Dear Senator Ward:

This will acknowledge receipt of your letter of November 9, 1950, as regards the application of HR 3480 to the Dawson Springs State Park. This is what has been done.

On July 3, 1935, Congress passed an act authorizing and directing the Administrator of Veterans Affairs to convey to the Commonwealth of Kentucky for state park purposes exclusively, certain land in Hopkins County, Kentucky. This was done by deed on the 31st day of July, 1935. During the first session of the 81st Congress, HR 3480 was passed. That Bill authorizes the Commonwealth of Kentucky to use the subject land in Hopkins County for the use and benefit of the University of Kentucky notwithstanding the prior act of

July, 1935 (P. L. 196) which limits the use of such land to state park purposes exclusively.

Title to the property is and has been in the Commonwealth of Kentucky since the date of aforementioned deed in 1935. The only purpose of HR 3480 is to extend the use of the property. The Commonwealth of Kentucky may now use the property for the use and benefit of the University of Kentucky without causing title to revert to the United States because of such use.

In order to insure that any interested party might be on notice, a member of this office took a copy of HR 3480 to the Hopkins County Court Clerk's Office, Madisonville, Kentucky, and filed the same therein. A notation on the margin of the page in the deed book where the deed is recorded, was made, referring to HR 3480 and to the fact that such Bill is filed in the office of the Hopkins County Court Clerk.

In addition this office has prepared an order transferring the use of Dawson Springs State Park from the Department of Conservation, Division of Parks, to the University of Kentucky, which order will be acted upon by the State Property and Buildings Commission at its next scheduled meeting. We have been advised that the next meeting will be held on Wednesday, November 15, 1950.

Very truly yours,

A. E. FUNK
ATTORNEY GENERAL

By: /s/Squire N. Williams, Jr.
Squire N. Williams, Jr.
Assistant Attorney General.

The State Property and Buildings Commission recently prepared an order transferring the use of the Dawson Springs State Park from the Department of Conservation, Division of Parks, to the University. The following is the order referred to above:

O R D E R

Pursuant to the directives in H.R. 3480 authorizing the transfer of certain lands in Hopkins County, Kentucky, to the Commonwealth of Kentucky, University of Kentucky, a copy of said act being attached hereto and made a part hereof:

BE IT RESOLVED, that the State Property and Buildings

Commission, in so far as it has the power and authority so to do, does hereby transfer the use of said property from the Department of Conservation, Division of Parks, to the University of Kentucky for the purposes of and as provided for in the above referred to H.R. 3480.

/s/ Earle C. Clements
Member

/s/ John W. Manning
Member

/s/ A. E. Funk
Member

State Property and Buildings Com-
mission

We have received the following opinion from Professor Frank Murray of the College of Law:

December 4, 1950

President H. L. Donovan
University of Kentucky

Re:
Dawson Springs Property

Dear Doctor Donovan:

I do not believe the University now has any title to the above property, or a sufficient right of use to warrant expenditures for improvements.

Pursuant to the Act of Congress approved July 3, 1935, Public Law 196 of the Seventy-Fourth Congress, this property was conveyed to the State for exclusive use as a state park and on the condition that if it is not so used title is to revert to the United States. By a subsequent act of the Eighty-First Congress, approved June 16, 1950, a copy of which is inclosed, "the Commonwealth is authorized to use the Dawson Springs State Park, which comprises such lands, for the use and benefit of the University of Kentucky." After the execution and delivery of the deed to the Commonwealth in 1935, the federal government had no title or right to the land except the right of reversion upon breach of the condition. It could not grant any right to the University

and no legislation or deed could divest the title of the State or impair its right to use the property as a state park. Nor does the Act of June 16, 1950, purport to do that. It is merely the consent of the federal government to an additional use if the State so desires, and, at best, is merely a waiver of the right to assert a forfeiture if the property is so used.

The State holds the legal title to the property. It cannot convey it nor can it use it for any purpose except as a state park or for University purposes. Apparently the State, acting by its State Property and Buildings Commission, has the power to determine whether this property shall be used for park purposes or for University use and to change from one to the other at any time. KRS 56.460 (1), (5-a).

The only procedure to absolutely assure the safety of investments by the University would be a reconveyance by the State to the federal government and a reconveyance to the State for the exclusive use and benefit of the University with the same condition of forfeiture if used for other purposes. This would probably require an additional act of Congress but the federal agency making the conveyance could make the new conveyance under the authority of the Act of June 16, 1950. Another procedure would be an act by the state legislature providing that the University should have the exclusive and perpetual use of this property. This would be consistent with the Acts of Congress and would remove the power of control and determination of use from the state administrative departments. However, this would probably be subject to acts of future legislatures changing this use, although that is a remote probability.

I realize that the two methods suggested are not too practicable and entail delay. Since the State Property and Buildings Commission has the power to determine which agency shall use the property and has power to lease state property, I believe it might be sufficient to obtain a formal agreement between that body and the University reciting the facts and granting to the University the exclusive use of this property in the nature of a perpetual lease on the consideration that the University will assume and perform the obligations of the State in respect to this property. The Division of Parks has power to enter into certain contracts concerning the acquisition and control of park property. I am not sure that it has the power to enter into a contract of this nature, but it does have the statutory power to refuse to accept property offered for park purposes (KRS 148.010). This Division and the Department of Conservation should be parties to this agreement

for the purpose of releasing any right to the future use of this property and consenting to the exclusive and perpetual use by the University. I believe that such an agreement would be valid or that, at least, it would be respected by future administrative bodies. If there should be any attempt to deprive the University of the exclusive use of the property, possession under this agreement would be continued until the matter could be submitted to the legislature.

In October, I discussed the problem in regard to this property with Assistant Attorney General Williams, to whom it had been referred. It was his desire to do anything possible to make the property available for immediate beneficial use, and he said he would approve a contract between the Division of Parks and the University. I assume that he will also approve such a contract to which the State Property and Buildings Commission is also a party. If it is not feasible to obtain a new conveyance from the United States or a legislative determination of the use of the property, I recommend that the University enter into possession and improve the property under such an agreement as I have described if it can be secured. If this cannot be obtained, I do not think it is safe for the University to erect any extensive improvements on the property.

Very truly yours,

/s/ Frank Murray
 Frank Murray
 Professor of Law

It has been the plan of the College of Agriculture and Home Economics to use this property primarily as a 4-H Club center and to hold there many other agricultural meetings with farmers, homemakers, and other groups for the service of the people of the western part of the state. It will require between \$75,000 and \$100,000 expenditure on the property in the near future to build the facilities to make it function. As the program develops and there is a demand for the extension of the service, other expenditures will naturally be made on this property.

The question which this Board should decide is whether or not the University should accept the property and proceed to develop its program in view of the fact that the actual title to the property is in the name of another agency of the state which could conceivably take over the property at some future time if it so desired. Under the present action does the University have complete control of the use of the park, or could the park authorities intervene and let other groups use it from time to time for park purposes?

We are told by geologists and engineers and by coal operators that there is a considerable amount of coal under this property. I have already been visited by the officials of one of the coal companies in that region asking if the Board of Trustees would agree to entering into a contract with them to mine the coal under this property. While I was reasonably certain that the Board of Trustees, even if it had the authority to do so, would not want to enter into such an arrangement, certainly not at the present time, nevertheless, could the Department of Conservation let a contract for the mining of this coal, which might conceivably destroy the beauty and usefulness of the property as a park and a 4-H Club center?

The University of Kentucky very greatly desires the use of this property for a 4-H Club center. It is an ideal location for such a center and it can be of very great value in promoting the agricultural development of the western part of our state. Everyone connected with the College of Agriculture and Agricultural Extension is very greatly pleased with the possibilities of the development of this center. However, I am certain that I express the sentiment of the administration of the University in saying that we do not wish to develop this property if there is the remotest possibility it might be taken from under our control at some future time.

I am requesting the Board of Trustees to determine what action should be taken on this matter. It is important that a decision be rendered at once.

It was evident from the discussion that there existed a doubt as to the status of title to the park, and after a lengthy discussion, upon motion duly made, seconded and carried, President Donovan was authorized to enter into a long term lease for the use of the park with the State Park Director, the Commissioner of Conservation, the State Property and Building Commission authorizing and approving. It was suggested that the lease cite that it is the intention of all parties concerned to ask the next General Assembly to pass a law definitely transferring title and use of the Dawson Springs State Park to and for the use and benefit of the University of Kentucky. The University was authorized to proceed with plans to develop the property for a 4-H Club Center.

Campus Book Store Contract Renewed

President Donovan stated that, for twenty years, the University of Kentucky has had a contract with Mr. James Morris to operate the book store on the campus of the University. He stated that the

arrangement had been highly satisfactory during the period that he had been President of the University, and recommended that the contract be renewed for a period of two years. The contract was read, and upon motion duly made, seconded and carried, approved. The Comptroller was authorized to execute same on behalf of the University.

Easement for Telephone Line through Robinson Sub-station
Property Approved

President Donovan reported that permission had been requested by the Forestry Division to run a telephone line through the Robinson Sub-station property at Quicksand. The University will have use of the telephone line, and there will be no cost to the University in the installation of the line. The right to run the line through the property is all that is involved.

President Donovan recommended that the request be granted, with the assurance that the line would be used for the protection of the forest against fires.

Upon motion duly made, seconded and carried, the Board concurred in the recommendation of the President.

F. Dormitory Revenue Bonds (476 Rose Street) Authorized.

Mr. Peterson reported that the Beta Psi House Corporation of Alpha Delta Pi had secured from the University, with approval of the Board of Trustees and the State Property and Building Commission an offer to purchase land and building at 476 Rose Street in Lexington, Ky. The Alumnae Committee of the Beta Psi House Corporation of Alpha Delta Pi has agreed to sell this property to the University for the sum of \$76,000.00. The Comptroller estimated that this property on the present market and based upon current construction costs was valued at approximately \$110,000. He stated that the building had been built according to plans and specifications prepared by N. Warfield Gratz, architect, Lexington, Ky. He recommended that building revenue bonds be issued under Chapter 58 of the Kentucky Revised Statutes to provide the necessary funds with which to purchase this property. He stated that the Resolution authorizing the bond issue had been examined by the Attorney General, and read the following letter approving the bond order and Resolution:

COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL
Frankfort

November 22, 1950

Mr. Cornelius W. Grafton
Marion E. Taylor Building
Louisville 2, Kentucky

Re: University of Kentucky Dormitory
Revenue Bonds (\$76,000)

Dear Mr. Grafton:

I received your proposed bond order for the sale of the captioned bonds. This order seems to be in proper form and meets all legal requirements, so far as I can see. I therefore, approve the bond order.

Thanking you for sending me the copy, and if I can be of any assistance to you, do not hesitate to call upon me.

Very truly yours,

(Signed) A. E. Funk
The Attorney General

Mr. J. C. Everett introduced and caused to be read the following proposed Resolution entitled "A Resolution of the Board of Trustees of the University of Kentucky Providing for the Issuance, Sale and Delivery of Dormitory Revenue Bonds to Pay the Cost (Not Otherwise Provided) of Acquiring a Dormitory Building and Site Generally Known and Designated as No. 476 Rose Street in Lexington, Kentucky," which Resolution is as follows:

WHEREAS, the University of Kentucky and its students are not now being provided with adequate buildings for educational purposes and in order to provide same, it is necessary that the University acquire a dormitory building upon premises generally known and designated as No. 476 Rose Street in Lexington, Kentucky;

and

WHEREAS, said site and building can be acquired for \$76,000.00;

and

WHEREAS, under the provisions of Chapter 58 of the Kentucky

Revised Statutes, the Board of Trustees of the University of Kentucky, as a governmental agency, is authorized to issue bonds as hereinafter provided for the purpose of financing the acquisition of said building and appurtenances;

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

Section 1. It is hereby determined that in order to provide the University of Kentucky with additional needed accommodations for educational purposes, it is necessary and desirable that the premises generally known and designated as No. 476 Rose Street in Lexington, Kentucky, including the land, together with a building situated thereon, which is suitable for use and occupancy for dormitory purposes, be acquired at the present time at a cost to the University of \$76,000.00. The said land, building and appurtenances are collectively sometimes hereinafter referred to as the Project; and are hereby declared to be a "public Project" within the meaning and application of Chapter 58 of the Kentucky Revised Statutes.

Section 2. In order to provide for the payment of the purchase price of the Project, there shall be and there are hereby ordered to be issued by the Board of Trustees of the University of Kentucky, in its corporate capacity and by and through its corporate name, and as a state educational institution and agency, bonds which shall be designated "University of Kentucky Dormitory Revenue Bonds (476 Rose Street)" in the aggregate principal amount of Seventy Six Thousand (\$76,000.00) Dollars, dated December 1, 1950, consisting of seventy-six (76) bonds of the denomination of One Thousand (\$1,000.00) Dollars each, to be numbered consecutively from one (1) to seventy-six (76), both numbers inclusive, bearing interest to be evidenced by coupons attached to each bond and maturing on June 1 and December 1 of each year to the respective maturity dates of principal at a rate not exceeding three per cent (3%) per annum (the exact rate to be determined at the time of the receipt and consideration of financing proposals as hereinafter provided.) Said bonds shall mature serially and in numerical order as follows.

<u>BONDS NUMBERED</u> (Inclusive)	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>
1-2	\$2,000.00	December 1, 1951
3-4	\$2,000.00	December 1, 1952
5-6	\$2,000.00	December 1, 1953
7-8	\$2,000.00	December 1, 1954
9-10	\$2,000.00	December 1, 1955
11-12	\$2,000.00	December 1, 1956
13-14	\$2,000.00	December 1, 1957
15-16	\$2,000.00	December 1, 1958
17-18	\$2,000.00	December 1, 1959
19-20	\$2,000.00	December 1, 1960

21-22	\$2,000.00	December 1, 1961
23-24	\$2,000.00	December 1, 1962
25-26	\$2,000.00	December 1, 1963
27-28	\$2,000.00	December 1, 1964
29-31	\$3,000.00	December 1, 1965
32-34	\$3,000.00	December 1, 1966
35-37	\$3,000.00	December 1, 1967
38-40	\$3,000.00	December 1, 1968
41-43	\$3,000.00	December 1, 1969
44-46	\$3,000.00	December 1, 1970
47-49	\$3,000.00	December 1, 1971
50-52	\$3,000.00	December 1, 1972
53-55	\$3,000.00	December 1, 1973
56-58	\$3,000.00	December 1, 1974
59-61	\$3,000.00	December 1, 1975
62-64	\$3,000.00	December 1, 1976
65-67	\$3,000.00	December 1, 1977
68-70	\$3,000.00	December 1, 1978
71-73	\$3,000.00	December 1, 1979
74-76	\$3,000.00	December 1, 1980

provided, however, that any of said bonds numbered 7 to 76 inclusive shall be redeemable prior to maturity as a whole, or from time to time in part, in the inverse order of their numbering, on December 1, 1953, or on any interest payment date thereafter, providing a notice specifying the bonds to be redeemed shall have been on file at the place of payment of the principal and interest at least thirty days prior thereto, and provided also that such notice shall have been published at least once not less than thirty (30) days prior the redemption date in a newspaper having general circulation throughout Kentucky. In the event of redemption prior to stated maturities in accordance with these provisions the holder of each bond so redeemed shall be entitled to receive on the specified redemption date the face amount of the bond, together with interest to the redemption date at the applicable coupon rate and together with additional interest in the sum of Thirty Dollars (\$30.00) if the redemption date is on or prior to June 1, 1958; Twenty Dollars (\$20.00) if the redemption date is on or after December 1, 1958 but on or prior to June 1, 1962; and Ten Dollars (\$10.00) if the redemption date is on or after December 1, 1962 but on or prior to December 1, 1966. In the event of redemption on or after December 1, 1966, no additional interest shall be due or payable. All bonds called for redemption as herein provided shall cease to bear interest as of the redemption date.

Said bonds shall be signed for and on behalf of the Board of Trustees of the University of Kentucky by the Chairman of said Board of Trustees, attested by its Secretary, and sealed with its corporate seal, and the interest coupons attached to said bonds shall be executed with the facsimile signatures of said Chairman and said Secretary, and said bonds together with interest thereon shall be payable in lawful money of the United States of America

at the office of Security Trust Company in the City of Lexington, Kentucky, but only out of the "476 Rose Street Dormitory Revenue Bond and Interest Redemption Fund", hereinafter created, and shall be a valid claim of the holders thereof only against said fund, and the gross income and revenues of the Project pledged to such fund.

Section 3. The aforesaid bonds and coupons shall be in substantially the following form, to-wit:

(Form of Bond)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF KENTUCKY
DORMITORY REVENUE BOND
(476 Rose Street)

No. _____

\$1,000.00

The Board of Trustees of the University of Kentucky, as a state educational institution and agency, for value received, hereby promises to pay to the bearer, or if this bond be registered, to the registered holder hereof, as hereinafter provided, the sum of One Thousand Dollars (\$1,000.00) on the first day of December, 19---, with interest thereon from the date hereof until paid at the rate of _____ per cent (_____ %) per annum, payable semi-annually on June 1 and December 1 of each year, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, such interest as may accrue on and prior to the maturity date of this bond to be paid only upon presentation and surrender of the annexed interest coupons as they severally mature, both principal and interest being payable in lawful money of the United States of America at Security Trust Company, in the City of Lexington, Kentucky.

The right is hereby reserved to call and redeem bonds numbered 7 to 76 inclusive of the series of which this bond is a part prior to stated maturities, in whole, or from time to time in part, in the inverse order of their numbering, on any interest payment date on or after December 1, 1953, providing a notice specifying the bonds to be redeemed shall have been on file at the place of payment of the principal and interest at least thirty days prior thereto and providing also that such notice shall have been published at least once not less than thirty (30) days prior to the redemption date in a newspaper having general circulation throughout Kentucky. Upon the specified redemption date the holder of each bond so redeemed shall be entitled to receive the face amount of the bond, together with the interest to the redemption date at the coupon rate and together with additional interest which shall be in the sum of Thirty Dollars (\$30.00) if the redemption date is

is on or prior to June 1, 1958; Twenty Dollars (\$20.00) if the redemption date is on or after December 1, 1958 but on or prior to June 1, 1962; and Ten Dollars (\$10.00) if the redemption date is on or after December 1, 1962, but on or prior to June 1, 1966. In the event of redemption on or after December 1, 1966, no additional interest will be due or payable. Bonds called for redemption as herein provided shall cease to bear interest as of the redemption date.

This bond is issued to finance the cost of acquiring a dormitory building and appurtenances for educational purposes in connection with the University of Kentucky, under and in full compliance with the Constitution and Statutes of Kentucky, including, among others, Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

This bond is payable only from a fixed amount of the gross income and revenues to be derived from the operation of said dormitory building and appurtenances which will be set aside as a special fund and pledged for that purpose and identified as the "476 Rose Street Dormitory Revenue Bond and Interest Redemption Fund", and this bond does not constitute an indebtedness of the University of Kentucky or its Board of Trustees or of the Commonwealth of Kentucky within the meaning of any constitutional provisions or limitations.

This bond is fully negotiable but may be registered as to principal only on the books of the Secretary of the Board of Trustees of the University of Kentucky, such registration to be evidenced by notation thereof on the reverse hereof by said Secretary, after which no transfer of this bond shall be valid unless made on said books at the written request of the registered owner or his authorized representative and similarly noted on the reverse hereof. But this bond may be discharged from registry by being registered to bearer, and thereafter transferability by delivery shall be restored. Registration of this bond as aforesaid shall not affect the negotiability of the coupons appurtenant hereto, which shall continue to be transferable by delivery merely and shall remain payable to bearer.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond, do exist, have happened and have been performed in due time, form and manner as required by law, and the amount of this bond, together with all other obligations of said University of Kentucky and its Board of Trustees, does not exceed any limit prescribed by the Constitution or Statutes of Kentucky; that said dormitory building and appurtenances will be continuously operated by said University of Kentucky, and that a sufficient portion of the gross income and revenues therefrom has been pledged to and will be set aside into a special account for the payment of the principal of and interest

on this bond and the series of which it is a part, as the same will respectively become due.

IN WITNESS WHEREOF, the Board of Trustees of the University of Kentucky has caused this bond to be signed by its Chairman, and its corporate seal to be hereunto affixed, attested by the Secretary, and the coupons hereto attached to be executed with the facsimile signatures of the said Chairman and said Secretary, who, by the signing of this bond, do adopt said facsimile signatures, and each of them, to be their respective authorized and official signatures, all as of the first day of December, 1950.

(SEAL)

Chairman, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(Form of Coupon)

No. _____

\$ _____

Unless the bond to which this coupon is attached shall have been called for prior redemption

On the First day of _____, 19_____, the Board of Trustees of the University of Kentucky will pay to bearer _____ Dollars (\$_____) out of its "476 Rose Street Dormitory Revenue Bond and Interest Redemption Fund", at the Security Trust Company, in the City of Lexington, Kentucky, as provided in and for interest then due on its Dormitory Revenue Bond (476 Rose Street), dated December 1, 1950, Number _____.

Chairman, Board of Trustees

Secretary, Board of Trustees

(Form for Registration to be printed on the back of each bond)

Date of Registration	Name of Registered Holder	Signature of Secretary, Board of Trustees

Section 4. The Project shall be operated as a revenue-producing undertaking on a fiscal year basis commencing on December 1 of each year and ending on November 30 of the ensuing year, and on that basis the gross income and revenues of said Project shall be sufficient so as to set aside the required amounts (hereinafter specified) into a separate and special fund designated the "476 Rose Street Dormitory Revenue Fund" (hereinafter designated the "Revenue Fund".)

There shall be and there is hereby created a fund to be known as the "476 Rose Street Dormitory Revenue Bond and Interest Redemption Fund" (hereinafter called the "Bond Fund") into which there shall be set aside from the moneys held in the Revenue Fund such amounts as will be sufficient to pay the interest on and principal of the bonds hereby authorized as may be outstanding from time to time. The amount to be set aside into said fund during each fiscal year so long as any of said bonds remain outstanding shall be not less than as set forth in the following schedule:

During the fiscal year ending November 30, 1951	- \$4,230.00
During the fiscal year ending November 30, 1952	- \$4,175.00
During the fiscal year ending November 30, 1953	- \$4,120.00
During the fiscal year ending November 30, 1954	- \$4,065.00
During the fiscal year ending November 30, 1955	- \$4,010.00
During the fiscal year ending November 30, 1956	- \$3,955.00
During the fiscal year ending November 30, 1957	- \$3,900.00
During the fiscal year ending November 30, 1958	- \$3,845.00
During the fiscal year ending November 30, 1959	- \$3,790.00
During the fiscal year ending November 30, 1960	- \$3,735.00
During the fiscal year ending November 30, 1961	- \$3,680.00
During the fiscal year ending November 30, 1962	- \$3,620.00
During the fiscal year ending November 30, 1963	- \$3,560.00
During the fiscal year ending November 30, 1964	- \$3,500.00
During the fiscal year ending November 30, 1965	- \$4,440.00
During the fiscal year ending November 30, 1966	- \$4,350.00
During the fiscal year ending November 30, 1967	- \$4,260.00
During the fiscal year ending November 30, 1968	- \$4,170.00
During the fiscal year ending November 30, 1969	- \$4,080.00
During the fiscal year ending November 30, 1970	- \$3,990.00
During the fiscal year ending November 30, 1971	- \$3,900.00
During the fiscal year ending November 30, 1972	- \$3,810.00
During the fiscal year ending November 30, 1973	- \$3,720.00
During the fiscal year ending November 30, 1974	- \$3,630.00
During the fiscal year ending November 30, 1975	- \$3,540.00
During the fiscal year ending November 30, 1976	- \$3,450.00
During the fiscal year ending November 30, 1977	- \$3,360.00
During the fiscal year ending November 30, 1978	- \$3,270.00
During the fiscal year ending November 30, 1979	- \$3,180.00
During the fiscal year ending November 30, 1980	- \$3,090.00

All funds received as accrued interest at the time of the issuance of said bonds shall be paid into said Bond Fund at the time of

the issuance and delivery of the bonds hereby authorized, and shall be used for the payment of the interest on said bonds next thereafter becoming due.

The amount by which the payments in any fiscal year exceed the aggregate amount of interest on and principal of said bonds then currently becoming due shall be held in said Bond Fund as a reserve for contingencies and used solely as herein provided; provided, however, that no further payments need be made into said Bond Fund whenever and so long as such amount of the bonds shall have been retired that the amount then held in the Bond Fund, including the reserve for contingencies, is equal to the entire amount of the principal and interest that is to be paid on all of such bonds then remaining outstanding.

If, for any reason, there be a failure to make any payments into such Bond Fund as aforesaid during any fiscal year, any sums then held as a reserve for contingencies shall be used for the payment of any portion of the interest or principal on which bonds there would otherwise be default, but such reserve shall be reimbursed therefor from the first available payments made into the Bond Fund in the following year or years in excess of the required payment for the then current fiscal year.

All moneys held in the Bond Fund or as a reserve for contingencies shall be deposited in a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation; the moneys held as reserve for contingencies may be invested in direct obligations of the United States of America; provided, however, that sale of a sufficient amount of such obligations shall be made in the event that it shall prove necessary to draw upon said reserve, and provided further that moneys so held may be applied to the redemption of bonds prior to their maturities.

The payments hereinabove provided into said Bond Fund from the Revenue Fund shall be made in equal monthly installments on the first day of each month, except when the first day of any such month shall be on a Sunday or a legal holiday, in which event such payment shall be made on the next succeeding secular day. The balance then and from time to time remaining in the Dormitory Revenue Fund may be set aside for the necessary expenses of operation and maintenance, as hereinafter more fully provided. In the event that the moneys held in the Revenue Fund in any month shall be insufficient to make the aforesaid payments in full, any such deficiency shall be added to the amounts required to be paid into such Bond Fund in the following month.

The Bond Fund hereinabove created and described shall be used solely and only for the purpose of paying principal of and interest on the bonds herein authorized to be issued, and is hereby irrevocably pledged for that purpose and shall be used for no other purpose whatsoever.

The balance of the moneys remaining in the Revenue Fund after the aforesaid payments into the Bond Fund shall be set aside into an "Operation and Maintenance Account", hereby created, and all moneys in said accounts shall be used for proper operation and maintenance of said Project, including an amount sufficient to pay the cost of insurance.

Section 5. While the bonds authorized hereunder, or any of them remain outstanding and unpaid, the rents and charges for all services rendered by the Project and fees charged to the students of the University of Kentucky shall be reasonable and just, taking into account and consideration the cost and value of said Project, the cost of maintaining and operating the same, the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds as may be sold and are unpaid under the provisions of this Resolution, and there shall be charged against the University of Kentucky such amounts for services rendered by the Project as shall be adequate, together with rents and fees charged to students, to meet the requirements of this and the two preceding sections hereof.

Section 6. The Board of Trustees of the University of Kentucky hereby covenants and agrees with the holder or holders of the bonds hereby authorized to be issued, or any of them, that all duties with reference to said Project required by the Constitution and laws of the Commonwealth of Kentucky will be faithfully and punctually performed, including the charging and collection from the University of Kentucky and its students reasonable and sufficient amounts for services rendered by said Project.

The Board of Trustees of the University of Kentucky further covenants and agrees with the holders of said bonds to maintain in good condition and continuously to operate said Project, so long as the principal of or interest on any of the bonds herein authorized remain outstanding and unpaid, and to charge and collect reasonable and sufficient amounts as rent and for services rendered by the Project in furnishing educational facilities to maintain the Bond Fund and the Operation and Maintenance Fund as required by the preceding sections of this Resolution, and the same are hereby pledged for that purpose.

Section 7. Any holder of said bonds, or of any of the coupons may, either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required by law, including the charge, collection and accounting for sufficient rents, student fees and charges, and the segregation and application of the income and revenues as provided by this Resolution.

If there be any default in the payment of the principal of or interest on any of said bonds then, upon the filing of suit by any holder of said bonds, or any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer said Project, with power to charge and collect a sum sufficient to provide

for the payment of any bonds or obligations outstanding against said Project and for the payment of the operating expenses, and to apply the income and revenues in conformity with this Resolution and the provisions of said laws of Kentucky aforesaid.

Section 8. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of said Project, or with respect to the statutory mortgage lien securing their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the bonds authorized to be issued under the provisions of this Resolution, regardless of the fact that they may be actually issued and delivered at different times.

Section 9. While any of the bonds herein authorized are outstanding no additional bonds payable from the revenues of the Project shall be authorized or issued unless the lien and security for payment of such additional bonds are made junior and subordinate in all respects to the lien and security of the bonds herein authorized.

Section 10. So long as any of said bonds are outstanding, the Board of Trustees of the University shall

(a) Maintain insurance on the Project against loss or damage by fire, lightning and windstorm in an amount equal to the full insurable value, and pay the cost of such insurance from the Operation and Maintenance Fund hereinbefore described;

(b) Keep proper books of record and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to said Project, and furnish the original purchaser of said bonds and any subsequent holder of any of the said bonds, at the written request of such holder, complete operating and income statements of the said Project in reasonable detail covering each six months' period, and same shall be available not later than thirty days after the close of each six months' period; and

(c) Grant to the holder of any of said bonds the right at all reasonable times to inspect the said Project and all records, accounts and data relating thereto.

Section 11. The action of the Executive Committee in authorizing the Secretary of the Board of Trustees in causing a notice to be published in the BOND BUYER, New York City, and in the COURIER-JOURNAL, Louisville, Kentucky, soliciting sealed competitive bids for the purchasing of the bonds authorized by this Resolution, the same to be received in the office of the Comptroller of the University until December 12, 1950, and opened and acted upon at this meeting of the Board of Trustees and subsequent to the adoption of this Resolution, is hereby ratified, confirmed and approved in all

respects as if such action had been specifically authorized in advance by the Board of Trustees. The Secretary having submitted to the Board of Trustees a copy of the "Notice of Sale of Bonds", affidavits from the BOND BUYER and the COURIER-JOURNAL showing publication thereof, and a copy of a "Statement of Terms and Conditions of Bond Sale" which was furnished to interested bidders upon request, and said instruments having been examined, the same are hereby approved and ordered preserved by the Secretary as a part of the permanent records of the Board of Trustees relating to the issuance and sale of said bonds and it is hereby ordered that after the adoption of this Resolution bids which may have been received in the office of the Comptroller of the University prior to December 12, 1950, and prior to the hour set forth in said published notice shall be submitted to the Board of Trustees for action in accordance with said instruments.

Section 12. That the provisions of this Resolution shall constitute a contract between the Board of Trustees of the University of Kentucky and the holder or holders of the bonds herein authorized to be issued and after the issuance of any of said bonds no change or alteration of any kind in the provisions of this Resolution may be made until all of the bonds have been paid in full as to both principal and interest or funds sufficient therefor shall have been duly provided and deposited for that exclusive purpose at the place of payment thereof.

Section 13. All sums received as accrued interest when the bonds are delivered and paid for shall be deposited in the Bond Fund. From said proceeds there shall next be paid all expenses incident to the authorization, issuance and sale of the bonds herein described. All sums then remaining shall be transmitted to the State Treasurer of the Commonwealth of Kentucky to be held and used to pay the purchase price of the Project.

Section 14. That if any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason the remainder thereof shall remain in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity of such section, paragraph, clause or provision.

Section 15. That all resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed, and that this Resolution shall take effect from and after its adoption.

Adopted and approved _____, 1950.

Chairman

ATTEST:

Secretary

and moved that all rules be suspended, and that said proposed Resolution be adopted, which motion was duly seconded by Mr. H. D. Palmore, and said motion having been duly considered, the Chairman of the Board put the question, and upon roll being called, the following voted: Aye; Governor Lawrence W. Wetherby, Carl Dempewolfe, Harry F. Walters, J. C. Everett, H. D. Palmore, Guy A. Huguelet, R. P. Hobson, Boswell B. Hodgkin, George M. Cheek, Harper Gatton and Herndon Evans. Nay; None. Whereupon, the Chairman declared the motion duly carried and said Resolution duly adopted.

G. Sale of Dormitory Revenue Bonds (476 Rose Street).

The Secretary presented an affidavit from the advertising clerk of The Bond Buyer, a daily and weekly newspaper printed and published at 67 Pearl Street, City of New York, County of New York, State of New York, and an affidavit from the advertising clerk of the Courier-Journal, a daily newspaper printed and published at Louisville, County of Jefferson, State of Kentucky, to the effect that, pursuant to authorization of the Board of Trustees of the University of Kentucky, \$76,000 Dormitory Revenue Bonds (476 Rose Street) would be sold upon competitive bids filed with the Comptroller of the University and Secretary of the Board.

The Comptroller of the University and Secretary of the Board reported receipt of one bid, properly submitted with certified check, in compliance with the terms and conditions of the bond sale. The bid was considered, and on motion duly made by Member R. P. Hobson, seconded by Member George Cheek, and carried, the following Resolution was unanimously adopted:

A RESOLUTION OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF KENTUCKY LISTING
BIDS RECEIVED FOR \$76,000.00 PRINCIPAL
AMOUNT OF "UNIVERSITY OF KENTUCKY DORMI-
TORY REVENUE BONDS (476 ROSE STREET)"
AND ACCEPTING THE BEST BID RECEIVED.

WHEREAS, the Board OF Trustees of the University of Kentucky at a regular meeting held on December 12, 1950, adopted a Resolution authorizing the issuance of \$76,000.00 principal amount of University of Kentucky Dormitory Revenue Bonds (476 Rose Street) dated December 1, 1950, and directed that the bids for said bonds be opened and considered immediately thereafter; and

WHEREAS, an advertisement of said sale was duly published in THE COURIER-JOURNAL, Louisville, Kentucky, and in THE BOND BUYER, New York City, and by means thereof public notice was given that sealed competitive bids would be received in the office of the Comptroller of the University until December 12, 1950, at 10:00 A.M., Central Standard Time, and said date and hour have now arrived and the Chairman of the Board has declared the bidding to be closed, and the Comptroller of the University has produced, opened and read all of the competitive bids received in his office prior to such date and hour and the same are listed as follows:

<u>NAME OF BIDDER</u>	<u>PRICE OFFERED</u>	<u>INTEREST RATES STIPULATED</u>
Bankers Bond Company, Louisville, Ky. Security and Bond Com- pany, Lexington, Ky. (Syndicate)	102. plus accrued interest.	2-3/4% Dec.1,1950, thru Dec.1,1960; and 3% Dec.1,1961 thru Dec. 1,1980.

AND WHEREAS, it appears to the Board that the best bid received for said bonds is the bid of Bankers Bond Company, Louisville, Ky; Security and Bond Company, Lexington, Ky. (Syndicate), offering Seventy-Seven Thousand, Five Hundred and Twenty Dollars (\$77,520.00) and accrued interest for bonds bearing interest as follows: 2-3/4% Dec.1,1950 through Dec. 1, 1960; and 3% Dec. 1,1961 through Dec. 1, 1980.

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

Section 1. It is hereby determined and declared that the highest and best bid received for \$76,000.00 principal amount of "University of Kentucky Dormitory Revenue Bonds (476 Rose Street)" dated December 1, 1950, and authorized by a Resolution adopted by the Board of Trustees of the University on December 12, 1950, is as follows:

<u>NAME OF BIDDER</u>	<u>PRICE OFFERED</u>	<u>INTEREST RATES STIPULATED</u>
Bankers Bond Company, Louisville, Ky.; Security and Bond Com- pany, Lexington, Ky. (Syndicate)	102. plus accrued interest.	2-3/4% Dec.1,1950 thru Dec.1,1960; and 3% Dec.1,1961 thru Dec.1,1980.

Said bid is hereby accepted by the Board of Trustees of the University of Kentucky. It is hereby determined that said bonds shall bear interest in conformity with the provisions of said bid and the printer shall immediately be directed to prepare the bonds accordingly.

Section 2. As soon as the finished bond blanks have been received from the printer they shall be executed as provided in the authorizing Resolution and shall thereafter promptly be tendered to the purchaser named in Section 1 of this Resolution, and delivered to said purchaser upon payment of the balance of the purchase price as set forth herein.

Section 3. The certified or bank check of the purchaser in the sum of \$1,500.00 shall be held uncashed by the Treasurer of the University and the proceeds thereof shall be deposited as constituting a part of the proceeds derived from the sale of said bonds and said amount (but without interest thereon) shall be allowed as a credit when the bonds are delivered and paid for. The checks of all other bidders shall immediately be returned to them.

Section 4. This Resolution shall be in full force and effect from and after its adoption.

Chairman, Board of Trustees

(SEAL)

ATTEST:

Secretary

H. War Surplus Property Authorized Transferred.

President Donovan submitted the following communication from the Comptroller:

Dec. 8, 1950

Dr. H. L. Donovan, President
University of Kentucky

My dear President Donovan:

The University acquired through the war surplus program, two CF-2-B carrier telegraph terminals, more fully identified as follows:

Channel 1 - 4
1 Unit Serial 2322 SC 1221 A
1 Unit Serial 1596 SC 755 A
Each unit packed in a wooden case
approximately 2' x 4' x 6'

The Lexington Signal Depot would like to acquire these carrier terminals. Since we could dispose of them for only a fractional part of their real worth, and have no further use for them at the University, I recommend that we transfer this equipment to the Lexington Signal Depot upon the request of Colonel Harold T. Gallagher, and the payment of the cost to the University in the procurement of the equipment. I think one or two hundred dollars would cover all costs that we have been put to in this connection.

Respectfully submitted,

(Signed) Frank D. Peterson,
Comptroller.

President Donovan recommended that the request be granted, and on motion duly made, seconded and carried, the recommendation of the President was concurred in.

I. Report of Election of University Alumni

President Donovan presented to the Board a letter from the Secretary reporting on the results of the election held among the alumni of the University to select a list of three persons to be certified to the Governor, from which one person might be appointed to the

Board of Trustees for a term of four years, beginning January 1, 1951.

The following six persons received the highest number of votes, as tabulated by ballots received in the Secretary's office through December 1, 1950:

J. S. Shropshire	1471	Bess Collings	913
W. H. Townsend	1236	T. H. Cutler	876
H. D. Palmore	1036	Iley Browning	636.

Upon motion duly made, seconded and carried, the report was received and ordered filed, and the Secretary was directed to certify to the Governor the names of J. S. Shropshire, W. H. Townsend, and H. D. Palmore, as eligible for appointment to the Board of Trustees.

J. Gifts.

From The Union Light, Heat and Power
Company, Covington, Ky. -- \$300.

President Donovan read the following letter to the Board:

THE UNION LIGHT, HEAT AND POWER CO.
Covington, Kentucky

November 21, 1950

Dr. H. L. Donovan, President
University of Kentucky
Lexington 29, Kentucky

Dear Dr. Donovan:

During the past two years we have supported a scholarship at the University of Kentucky and we are in a position to continue this for the year 1951. Attached is Company check in amount of \$300 made payable to the Kentucky Research Foundation for this purpose.

We desire that the award be made to a Freshman entering the University as a graduate from one of the following high schools located in the area served by The Union Light, Heat and Power Company:

<u>Kenton County</u>	-	Dixie Heights School	Kenton County, Ky.
		Simon Kenton "	Independence, Ky.
		Beechwood "	Ft. Mitchell, Ky.
		Holmes High "	Covington, Ky.
		Lloyd High "	Erlanger, Ky.
		Ludlow "	Ludlow, Ky.
		Lincoln Grant "	Covington, Ky.
<u>Campbell County</u>	-	Campbell County School,	Alexandria, Ky.
		Bellevue "	Bellevue, Ky.
		Dayton "	Dayton, Ky.
		Highlands "	Ft. Thomas, Ky.
		Newport "	Newport, Ky.
		Silver Grove "	Silver Grove, Ky.
<u>Boone County</u>	-	Burlington High "	Burlington, Ky.
		Florence High "	Florence, Ky.
		Hebron High "	Hebron, Ky.
		New Haven High "	Union, Ky.
<u>Grant County</u>	-	Dry Ridge High "	Dry Ridge, Ky.
		Crittenden High "	Crittenden, Ky.

We recommend also that the award be made with equal emphasis placed upon scholastic record and participation in high school and outside activities.

Sincerely yours,

(Signed) Walter C. Beckjord,
President.

On motion duly made, seconded and carried, the gift of \$300.00 from The Union Light, Heat and Power Company, Covington, Ky., was ordered accepted, and used for the purpose indicated above, and President Donovan was requested to thank the donors on behalf of the Board of Trustees and the University.

From The McMahan Furniture Company, of
Campbellsville, Ky.

President Donovan reported that he was in receipt of information from Mr. E. G. Sulzer, Head of the Department of Radio Arts, to the effect that The McMahan Furniture Company of Campbellsville, Ky., had built for and donated to the radio station a magnificent, five-foot, round walnut table to be used for the broadcasting of roundtables. President Donovan quoted Mr. Sulzer as saying that this gift was very useful, and would prove very valuable to the radio studios. He

recommended that the table be accepted, and on motion duly made, seconded and carried, the gift of a five-foot, round, walnut table by the McMahan Furniture Company of Campbellsville, Ky., was ordered accepted, and President Donovan was requested to write a letter of appreciation to the donor.

From the National Association of Thoroughbred Breeders -- \$400.00.

President Donovan reported receipt of a letter from the Executive Secretary of the National Association of Thoroughbred Breeders, offering to award a \$400 scholarship to the College of Agriculture to be used for a FFA boy who needs help, beginning with the Fall of 1951 term. He recommended that the gift be accepted, and on motion duly made, seconded and carried, the \$400 offered by the National Association of Thoroughbred Breeders to be used for a scholarship in the College of Agriculture was ordered received, and the President was requested to thank the donors.

From Mrs. James O. Roberts, Frankfort, Ky. - telescope.

President Donovan read the following communication:

December 6, 1950

Dr. H. L. Donovan, President
University of Kentucky
Administration Building

My dear President Donovan:

May we have permission to accept from Mrs. James O. Roberts, Frankfort, Kentucky, a telescope for the Department of Mathematics and Astronomy?

This telescope was made by Clark, the telescope maker, in 1894. It has several extra eye-pieces and operates on a tripod. It was originally owned by Major William Bradley, Frankfort, Kentucky, a long-time business partner of Mrs. Roberts' father, Mr. George Franklin Berry. Mr. Berry for a number of years would set up the telescope on his lawn at Juniper Hill on the western outskirts of Frankfort and there enjoy, often with friends, the celestial wonders. After a time interest lagged and for the past thirty years the telescope lay forgotten in the attic at Juniper Hill. It was just recently discovered while Mrs. Roberts was preparing to move from the old homestead. This telescope with

its attachments would now cost not less than \$500 and will serve as a useful addition in connection with our Observatory work.

Mrs. Roberts is a personal friend of Dr. McVey and it is through him that we secured the offer of the gift.

Respectfully yours,

(Signed) M. M. White

The President recommended acceptance of the gift described above, and on motion duly made, seconded and carried, the telescope offered by Mrs. James O. Roberts, Frankfort, Ky., was ordered accepted, and the President was requested to express to Mrs. Roberts the appreciation of the Board of Trustees and the University.

K. Report of Survey Committee on College of Veterinary Science.

It was recalled that the Board of Trustees, at its meeting on May 30, 1950, authorized the Chairman to appoint a committee of five members to survey the problem connected with the establishment of a College of Veterinary Science and to report back to the Board of Trustees. Governor Wetherby submitted the report of the committee, which was filed with the Governor on November 20. The report is as follows:

October 18, 1950

The Honorable Earle C. Clements
Chairman, Board of Trustees
University of Kentucky
Frankfort, Kentucky

My dear Governor Clements:

The committee which you appointed during the summer to make a study of the desirability of establishing an accredited college of veterinary medicine has made a careful investigation of this question and is now ready to report to you and the other trustees of the University our conclusions.

We recognize that Kentucky is a producer of fine livestock and that this is one of the principal industries of the state. We take pride in the fact that we produce the finest horses in the world and that there are many herds of registered cattle, sheep and hogs of national renown. These facts would

naturally cause every Kentuckian to desire a college of veterinary science of the first order. However, there are other factors that must be considered in determining the advisability of taking such action.

We gathered data on what it would cost to establish an accredited college of veterinary science. This information was easily obtainable since seven new colleges of veterinary science have been established following the termination of the Second World War. One member of your committee has visited a number of these new colleges and many of those that have been long established. The cost of the construction and equipment for a new college of veterinary science ranges from two and a half million to five million dollars at the present time. The University of Georgia let a contract for a building for its veterinary school three years ago at a cost of two million dollars for construction and half a million for equipment. That institution also estimates an operating cost of from \$300,000 to \$500,000 annually. The state of California has recently completed a new college of veterinary science at a cost of approximately five million dollars. Other states that have established new schools since the close of the Second World War have spent approximately the same amount of money. The establishment of a school of veterinary science at the present time at the University of Kentucky would cost not less than from two and a half to three million dollars for building and equipment, and a minimum of \$300,000 per year for operation and maintenance.

Prior to the Second World War there were ten schools of veterinary science in the United States and they were not overcrowded. Any young man prepared to enter such a school could secure admission into one or another of these institutions. At the termination of hostilities and the return of several million servicemen, all of whom were entitled to have the cost of their education paid under the G.I. Bill of Rights, hundreds of young men decided they would like to prepare themselves for veterinary medicine. This horde of students swamped these colleges and as a result most schools of veterinary science admitted only the applicants from their states. This action resulted in those states without schools of veterinary science having a great demand made upon them to establish such schools. Seven states took action and they have created these schools and the nation now has seventeen colleges of veterinary science to serve those young men who desire to enter this profession. Now that the veteran student load has diminished and will soon have passed altogether, it is predicted by deans of colleges of veterinary science and presidents of the universities that a well-qualified applicant will have no difficulty in the future gaining admission to one of these schools. In fact, some presidents say that before long the universities will be soliciting students

to come to their colleges of veterinary science. The demands for veterinarians in this country certainly do not justify every state establishing a school of veterinary science. Such a policy would be economically unsound and a waste of public funds.

During the last five years young Kentuckians who desired to become veterinarians have been denied this opportunity because our state has not had a school of veterinary science, and other state universities were overcrowded with citizens of their own states. This has resulted in a very few young men from Kentucky being able to prepare for this profession. Because of this fact many citizens of the state have been deeply concerned about this problem and have urged the Governor and the General Assembly to provide funds for the establishment of such a college. However, this pressure will now be removed, or at least greatly diminished, since schools of veterinary science in other states are opening their doors to applicants from Kentucky.

We have discovered that the Board of Control for Southern Regional Education has been established to solve just such a problem as the one we have under consideration with regard to the desirability of establishing a school of veterinary science. Fourteen southern states, of which Kentucky is one, have entered into a Compact which enables any state to utilize the services of any of the other states by paying a nominal fee which covers only a part of the cost of the instruction given students. Kentucky can purchase veterinary instruction from one of the southern states that has a school of veterinary science for the payment of \$1,000 per year per student. It has been estimated that from twelve to fifteen Kentuckians graduating each year from schools of veterinary science can probably furnish all the professional service in this field that is required. If this is true, it will prove to be much more economical for our state to purchase this service from one of the schools of veterinary science in the south than to establish an institution of its own. Already the south has five such institutions - College of Veterinary Science, Alabama Polytechnic; College of Veterinary Science, University of Georgia; College of Veterinary Science, Oklahoma A. & M.; College of Veterinary Science, Texas A. & M.; and College of Veterinary Science, Tuskegee Institute, for colored people. Each of these institutions is ready to assign Kentucky an allotment if we desire to send any students to them for training as veterinarians.

Assuming that fifteen students should enter upon professional training in this field each year, the cost to Kentucky would be \$15,000 the first year, \$30,000 the second, \$45,000 the third, and \$60,000 per year thereafter. These students could be required to return to their state for a minimum period of practice of their profession as a part of the agreement to purchase this opportunity for their professional

education in another state. Such an arrangement does not preclude any other students who desire to be veterinarians from gaining admission to schools of veterinary science in the eastern, northern and western institutions. All along Ohio has taken a minimum of three Kentuckians, even during this period of overcrowding. In the past Cornell, Iowa State, and a number of other schools have admitted Kentuckians to their colleges of veterinary science.

Our study of this problem has convinced your committee that it would be uneconomical for this state to establish so expensive a college as a school of veterinary science would prove to be when for a small fraction of this cost we can purchase the instruction in institutions already well established and highly regarded. What we would like to recommend is that the University of Kentucky should develop a strong Department of Animal Pathology at the graduate level, and that scholarships be offered each year to a few outstanding graduates of veterinary colleges who would continue their research and internship in veterinary science. There is probably a greater need for specialists of a high order in the field of animal diseases than for practitioners at a lower level of work. The Department of Animal Pathology should be made a center of excellence that would attract the best talent in the field of veterinary science to this department. It should be the objective of this department to carry on research projects that would discover new knowledge in the field of animal diseases.

Your committee has reached the conclusion that the Board of Trustees should not establish a school of veterinary science, but it should request the Governor of the Commonwealth to set up out of his emergency funds the sum of \$15,000 per year, beginning July, 1951, to purchase instruction in schools of veterinary science for fifteen Kentucky students. The Board of Control for Southern Regional Education should be requested to arrange for an allotment of this number of students in these institutions in states that are members of the Compact.

Respectfully submitted,

(Signed) Hal Price Headley

Upon motion duly made, seconded and carried, the report was received and ordered made a part of the minutes.

L. Appointments and Other Staff Changes.

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

College of Arts and Sciences

Appointment

William S. Ward, Head of the Department of English, effective February 1, 1951.

Changes in Status

Donald C. Rose, part-time Instructor, Department of Mathematics and Astronomy, placed on full time December 1, 1950, for the remaining seven months of the year.

Mrs. Alice K. Rucker, Assistant Professor, Department of Social Work, made Special Lecturer for December and January. Her services are to terminate January 31, 1951.

Change in Duration of Appointment

Joyce Hukill, Instructor, Department of Physical Education, appointed for eight months, placed on appointment for three months, ending January 31, 1950.

Resignation

Leo F. Boron, Part-time Instructor, Department of Mathematics and Astronomy, effective November 30, 1950.

College of Agriculture and Home Economics

Appointments

James L. Garrigan, Assistant County Agent in training, Hardin County, effective November 16, 1950.

Eloise C. Ewbank, Assistant Home Demonstration Agent in training, Fayette County, effective November 20, 1950.

Mrs. Shirley Roseman, Assistant Analyst, Department of Agronomy, Experiment Station, effective December 1, 1950.

Dee Coyle, Tractor Operator, Department of Agronomy, Experiment Station, effective November 1, 1950.

Mary Helen Galloway, Clerk-Stenographer, Administration, effective December 1, 1950.

Resignations

Henry Tudor, Assistant Foreman, Department of Agronomy, Experiment Station, effective October 28, 1950.

John Willis King, Teamster, Department of Agronomy, Experiment Station, effective October 25, 1950.

Garnett Grow, Teamster, Department of Agronomy, Experiment Station, effective November 2, 1950.

Calvin M. Auston, Assistant Chemist, Department of Agronomy, effective November 30, 1950.

Mrs. Alice S. Hopson, Assistant Bacteriologist, Department of Animal Pathology, effective December 31, 1950.

George W. Pope, Assistant Chemist, Public Service Laboratories, effective December 31, 1950.

William Clinton Perry, Dairyman and Poultryman, Western Kentucky Substation, effective December 31, 1950.

Mrs. Frances Young Trigg, Clerk-Typist, Service Office, effective December 11, 1950.

Melvin Jenkins, Laborer, Department of Animal Pathology, effective November 22, 1950.

College of Engineering

Leave of Absence

Richard B. Knight, Associate Professor of Heating and Ventilating, granted leave for the period February 1, 1951 to June 30, 1951. Professor Knight will serve as visiting lecturer in the field of heating and ventilating at Farouk I University, Alexandria, Egypt, under the Fulbright Act.

Cancellation of Appointment

Lee M. Morris, appointed Associate Professor of Mining Engineering, effective September 1, 1950, did not report for duty.

College of EducationAppointment

Carolyn Jean Mastin, Secretary, Division of Instruction and Placement, effective December 1, 1950.

Salary Adjustment

Harold Binkley, Instructor in Agricultural Education, on half-time, placed on full time for the second semester, with adjustment in salary, effective February 1, 1950.

Resignation

Mildred Bailey, Secretary, Division of Instruction and Placement, effective December 1, 1950.

Office of the Vice PresidentSalary Adjustment

Ethel Smoot, Secretary, adjustment in salary, effective December 1, 1950.

Dean of StudentsAppointment

Mrs. Henri Mazyck, Housemother, Phi Kappa Tau fraternity, effective September 1, 1950.

University Personnel OfficeAppointment

Margaret Ware Fogg, Clerk, effective November 20, 1950.

University Commons - Student Union Building

Appointment

Mary E. Sullivan, Assistant Director, effective November 17, 1950.

Resignations

Mrs. Nancy Brooks, Assistant Director, effective November 18, 1950.

Gayle Smith, Assistant Director, effective September 9, 1950.

Maintenance and Operations

Leave of Absence

Joe L. Boston, Assistant Engineer-Inspector, granted part-time leave to serve with the Division of Engineering of the State Property and Building Commission, Frankfort, and placed on part-time as Electrical Engineer.

Colonial Bowling Lanes

Salary Adjustment

Hugh R. Kiser, Manager, adjustment in salary, effective December 1, 1950.

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

M. Adjournment.

Upon motion duly made, seconded and carried, the meeting of the Board of Trustees was adjourned at 1:10 p.m., and the members went to the Student Union Building where a delightful luncheon was served.

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