

Irregularities

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, December 8, 1970

Under KRS 164.170, the Board of Trustees of the University of Kentucky met in regular statutory session at 2:00 p. m., Eastern Standard Time, on Tuesday, December 8, 1970, in the Board Room on the 18th floor of the Office Tower on the campus of the University with the following members present: Mr. Albert G. Clay, Vice Chairman; Mrs. Rexford S. Blazer, Secretary; Mr. Thomas P. Bell; former Governor Albert B. Chandler; Mr. Richard E. Cooper; Mr. George W. Griffin; Mr. Robert H. Hillenmeyer; Mr. B. Hudson Milner; Dr. N. N. Nicholas; Mr. James H. Pence; Mr. Floyd H. Wright; non-voting faculty members, Professors Robert W. Rudd and Paul G. Sears; and non-voting student member, Mr. Steve Bright. Absent from the meeting were: Governor Louie B. Nunn, Mr. Jesse M. Alwerson, Mr. Wendell P. Butler and Mr. J. Robert Miller. The administration was represented by: President Otis A. Singletary; Vice Presidents Alvin L. Morris, Lewis W. Cochran, A. D. Albright, Glenwood L. Creech, Robert G. Zumwinkle, Stanley Wall, Peter P. Bosomworth, Lawrence E. Forgy, Jr.; Mr. John C. Darsie, Legal Counsel; and Dr. Donald B. Clapp, Director of the Budget. The various news media had representatives present.

A. Meeting Opened

Mr. Clay, acting as Chairman in the absence of Governor Nunn, called the meeting to order at 2:10 p. m. The invocation was pronounced by Governor Chandler. The Secretary reported a quorum present and the meeting was declared officially open for the conduct of business at 2:12 p. m.

B. Minutes Approved

On motion duly made, seconded, and carried, the reading of the Minutes of the November 17, 1970 meeting of the Executive Committee of the Board of Trustees was dispensed with and the Minutes were approved as published.

C. Report on Activities

After pointing out certain items in PR 1, President's Report to the Trustees, which were of particular interest, President Singletary recommended that the report be received and ordered filed. Mr. Clay accepted the report with thanks and suggested more careful reading of the report by members after the meeting.

D. Recommendations of the President (PR 2)

Attention was called to the redesignation of the Administration Annex to Engineering Annex and President Singletary reported that the appointments and other staff changes were of a routine nature. There being no questions, on motion by Mr. Cooper, seconded by Dr. Sears, and passed, PR 2, Recommendations of the President, was approved as a whole and ordered made an official part of the Minutes of the meeting. (See PR 2 at the end of the Minutes.)

E. Supplemental Recommendations of the President (PR 3)

President Singletary explained that the two personnel recommendations in PR 3 had been received too late to include in PR 2 and were, therefore, being submitted as supplemental recommendations.

On motion by Dr. Nicholas, seconded by Mr. Wright, and passed without dissent, PR 3, Supplemental Recommendations of the President, was approved as a whole and ordered made an official part of the Minutes of the meeting. (See PR 3 at the end of the Minutes.)

F. Report on Results of Balloting for Alumni Member of the Board of Trustees (PR 4)

President Singletary called attention to the report made to him by the Secretary of the Board of Trustees which was reproduced in PR 4. The results of the balloting for the alumni member of the Board of Trustees to succeed Mr. Robert Hillenmeyer were given and he indicated that the three names to be transmitted to Governor Nunn would be Mr. Frank Ramsey, Mrs. Robert Clark and Mr. James W. May.

On motion by Dr. Rudd, seconded by Dr. Sears, and passed, the Secretary of the Board was authorized to certify to the Governor the names of the three persons receiving the largest number of votes, from which list a successor to Mr. Hillenmeyer will be appointed. (See PR 4 at the end of the Minutes.)

G. Budget Revisions for 1970-71 (PR 5)

There being no questions relative to the budget revisions recommended in PR 5, on motion by Governor Chander, seconded by Mr. Griffin, and passed, the budget revisions recommended in PR 5 were authorized and approved. (See PR 5 at the end of the Minutes.)

H. Report on Closed Circuit Television

President Singletary requested Mr. Lawrence Forgy to report on the status of the University's efforts to provide closed circuit television broadcasts of both on-campus and off-campus basketball games.

Mr. Forgy said that requests for bids had been put out by Frankfort and two had been received. The bids called for closed circuit broadcasts of all home games for students and faculty, and of off-campus games. The on-campus games would be shown without charge and the fee for the off-campus games, which would be shown in the Coliseum, would be \$2.00 for students and \$4.00 for all others. In addition, the bids called for a rental of \$2,000 per game shown in the Coliseum. One bid provided 55¢ per ticket to the University and the other bid provided for 52¢ per game. The bid providing 55¢ per game was accepted but because the bidder did not choose to post the required bond, the contract was finally awarded to the second bidder with the understanding that, if after the first two broadcasts the attendance did not average 4,000 persons per game, the bidder would not be held to the contract for the season. The first off-campus game to be shown on closed circuit television would be the Indiana game on December 12.

Inasmuch as the first bidder had advertised the game and sold tickets prior to his failure to post bond, the University of Kentucky understands that refunds will be sent to those who had purchased such tickets but is not itself involved in the matter.

Mr. Bright commended the administration for its efforts to bring the games to the students who were unable to obtain seats in the Coliseum and said that he felt it would be exceptionally well received by the student body.

I. Review of Athletics Teams Travel

As requested at the November 17, 1970 meeting, Mr. Forgy and Mr. Lancaster, Athletics Director, had reviewed the athletics teams travel arrangements and reported to the President that there was no reason to change the carrier now used. The Federal Aviation Agency has indicated that Southern Airways has an excellent safety record of 21 years of accident free service and no changes in either management or operations has been made which would affect the company's standards. The University has increased personal life insurance coverage from \$25,000 per person to \$100,000; Southern Airways has agreed to assign pilots who are familiar with the airports at the origination and destination points; and Southern Airways has also agreed to make the University an insured party under its liability insurance policy with limits of \$3,000,000 plus a \$47,000,000 umbrella policy.

report on FBI Investigation on Campus

President Singletary reported that the University had released a class roll to the FBI which had caused concern on the campus as expressed in a resolution adopted by the University Senate on November 16, 1970 and a statement from the local chapter of the American Association of University Professors. Copies of the resolution and the AAUP statement were read and are included at the end of the Minutes.

In answer to the initial concern expressed by both students and faculty, President Singletary said he had issued a statement that in the future only the President, or his designated representative, would have the authority to release class rolls. It is possible that the Board of Trustees may be requested to assist in seeking modification of the existing statutes so that they may cease to constitute a threat to academic freedom at the time of the next legislative session. In the meantime, the University of Kentucky will abide by the law but an effort will be made to provide reasonable security about normally confidential records to the extent possible under the law.

Steve Bright commended President Singletary's statement and agreed that there was great concern on the part of the students relative to the confidentiality of their records.

K. Progress Report on Internal Budget Preparations for 1971-72

President Singletary said that the University is currently preparing the operating budget for the second year of the biennium. The recent Carnegie Report on the financial status of institutions of higher education listed three categories of institutions: (1) those in real financial trouble; (2) those heading for trouble; and (3) those not headed for trouble. The University of Kentucky probably falls within group 2 for there isn't enough money to do those things we want to do and are doing. The 1971-72 budget is barely a continuation budget and it will be possible to hire very few new people to care for the increased enrollment expected. He closed by saying that this was merely a progress report and that the budget would not be presented to the Board for action until April or May.

L. Interim Financial Report (FCR 1)

Mr. Hillenmeyer said the Finance Committee recommended that the interim financial report be accepted and so moved. His motion was seconded by Mr. Milner, and without dissent the financial report covering the period ending October 31, 1970 was accepted and ordered to record. (See FCR 1 at the end of the Minutes.)

M. Audit Reports Accepted (FCR 2)

The Finance Committee having examined the audit reports of the affiliated corporations of the University as submitted by the firm of Peat, Marwick, Mitchell and Company recommended their acceptance by the Board of Trustees. Mr. Hillenmeyer moved such acceptance and his motion was seconded by Mrs. Blazer. All present voting "aye", the financial statements of the University of Kentucky Research Foundation, the University of Kentucky Athletic Association, and the Fund for the Advancement of Education and Research in the University of Kentucky Medical Center for the fiscal year ending June 30, 1970 were accepted as submitted by the firm of Peat, Marwick, Mitchell and Company. (See FCR 2 at the end of the Minutes.)

N. Utilities Construction Authorized (FCR 3)

Mr. Hillenmeyer explained that the action recommended in FCR 3 would permit the construction of chilled water lines and electrical service to serve a Multi-Discipline Research Laboratory and the inter-connection of the Medical Center Heating Plant and the Upper Street Heating Plant. The Finance Committee has reviewed this request for an appropriation of \$1,300,000 from General Obligation Bonds to cover this construction and recommended approval. Mr. Hillenmeyer so moved. His motion was seconded by Mr. Wright and passed. (See FCR 3 at the end of the Minutes.)

O. Payment Authorized for Expenses Related to Social Sciences Building Fire (FCR 4)

Mr. Hillenmeyer said that under the Resolution creating and establishing a Consolidated Educational Buildings Project of the University of Kentucky, the Trustee must have Board approval for any payments for replacement or repairs. The Finance Committee recommends that the Board of Trustees request payment in the amount of \$23,590 by the Trustee of the Consolidated Educational Buildings Revenue Bonds for expenses related to the Social Sciences Building fire, and that the Vice President for Business Affairs be authorized to execute the necessary documents for this payment. Mr. Pence so moved. His motion was seconded by Governor Chandler and passed without dissent. (See FCR 4 at the end of the Minutes.)

P. Authorization for Bond Trustee to Invest Funds (FCR 5)

In order to provide the necessary approval for the Trustee of the University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series A and B, to invest idle funds, the Finance Committee recommended approval of the

recommendation made in FCR 5. On motion by Mr. Hillenmeyer, seconded by Mrs. Blazer and passed, the recommendation in FCR 5 was approved as presented. (See FCR 5 at the end of the Minutes.)

Q. Resolution Accepting the Successful Bid on \$4,489,000 of University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series B

Thereupon, Mr. Robert Hillenmeyer introduced, caused to be read and moved the immediate adoption of a resolution entitled:

A RESOLUTION Accepting Successful Bid on \$4,489,000 of University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series B,

a true copy of which was presented to the meeting at which such resolution was proposed and a true copy of which is attached to these Minutes. The motion for the adoption of said resolution was seconded by Dr. N. N. Nicholas. After full discussion, the Chairman put the question, and upon call of the roll, the vote was recorded as follows:

Voting "Aye": Mr. Albert G. Clay, Mrs. Rexford S. Blazer, Mr. Thomas P. Bell, Governor A. B. Chandler, Mr. Richard E. Cooper, Mr. George W. Griffin, Mr. Robert H. Hillenmeyer, Mr. B. Hudson Milner, Dr. N. N. Nicholas, Mr. James H. Pence and Mr. Floyd H. Wright.

Voting "Nay": None.

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

R. Investment Policies Adopted (FCR 7A, B, C, D, and E)

Mr. Hillenmeyer called attention to FCR 7 which consisted of four parts distributed to members of the Board of Trustees in advance of the meeting and a fifth part which was added to the investment policy recommendations at the meeting of the Finance Committee on the morning of December 8. He suggested that these five parts of a new investment policy be considered as a "package" and acted upon at the same time. After some discussion of the implications involved in the proposed policies, the question was called for by the Chairman. Dr. Nicholas moved adoption of the investment policies as recommended in FCR 7A, B, C, D, and E. His motion was seconded by Dr. Sears. All present voted "aye" on 7A, B, C, D, and E with the exception of Mr. Milner, who requested that the record show he voted "aye" on 7A, B, C, and D and abstained from vote on 7E

because of a "conflict of interest" inasmuch as he is a director of the Kentucky Trust Company of Louisville. (See FCR 7A, B, C, D, and E at the end of the Minutes.)

S. Lexington Banks Designated as Depositories (FCR 8)

Mr. Hillenmeyer said that the Finance Committee at its meeting that morning had considered and wished to present a recommendation relative to the designation of Lexington banks as depositories for the University of Kentucky and its affiliated corporations. The Finance Committee's recommendation was that the Lexington banks presently designated as depositories be continued for the period January 1, 1971 through June 30, 1971 and that the Citizens Union National Bank and Trust Company of Lexington be designated as the depository for the Tobacco Research Board impress cash fund. Prior to the expiration of this period, the Finance Committee may wish to recommend certain changes in the present policy.

On motion duly made, seconded, and carried, the Board of Trustees approved the recommendation made by the Finance Committee in FCR 8. (See FCR 8 at the end of the Minutes.)

T. Hearing Committee Report

Mr. Bell, chairman of the committee appointed to hear requests for Board appearances from students, faculty and others, said the committee had met with Mr. Mike Campbell, a student. Mr. Campbell is requesting permission to appear before the Board of Trustees to present certain recommendations relative to how students may receive permission to appear before the Board more expeditiously than under the present system. Mr. Bell said his committee felt that some of Mr. Campbell's suggestions warranted consideration by the Board and recommended that he be granted permission to make his presentation at a meeting of the Board. After some discussion, on motion duly made, seconded, and carried, Mr. Campbell was granted permission to appear before the January meeting of the Board of Trustees, provided he submit a written statement covering his remarks to the President's Office for distribution to the Board members prior to the meeting, as is done with all other matters coming before the Board for consideration, and that he limit his remarks to the specific matters on which he had requested permission to speak, namely, suggestions for ways in which students might request and receive permission to present matters to the Board of Trustees.

U. Student Code Revision Committee Report

Mr. Griffin, chairman of the Student Code Revision Committee, indicated

he had no report to make at this time other than to remind the students and faculty that any recommendations for changes in the present Code must be in the hands of the committee by January 30 for consideration in any revision that may be made in the Code for the 1971-72 academic year.

V. Medical Center Committee

Dr. Bosomworth, at the request of Governor Chandler, reported that the Medical Center Committee had met on the morning of December 8 and at that time discussed a situation which is rising to crisis proportions in the handling of obstetrical patient needs at the University Hospital. Various options for coping with the problem were discussed by the committee and it was agreed that it was primarily a community problem and should be solved at that level.

W. Meeting Adjourned

There being no further business to come before the meeting, on motion duly made, seconded and carried, the meeting adjourned at 2:55 p. m.

Respectfully submitted,

Lucile T. Blazer, Secretary
Board of Trustees

(PRs 2, 3, 4, and 5, Senate Resolution, AAUP Statement, FCRs 1, 2, 3, 4, 5, 6, 7A-E, and 8 which follow are official parts of the Minutes of the December 8 meeting of the Board of Trustees.)

Missing report(s)

Office of the President
December 8, 1970

PR 2

Members, Board of Trustees:

RECOMMENDATIONS OF THE PRESIDENT

I. Change in Building Designation

Recommendation: that the Administration Annex be redesignated the Engineering Annex, effective immediately.

Background: The building located to the south of the Administration Building was used until recently for administrative offices and was, therefore, designated as the Administration Annex. Since the completion of the Patterson Office Tower when these offices moved to that structure, the building has been assigned to the College of Engineering. The change in designation from Administration Annex to Engineering Annex is entirely appropriate under the existing rules for the naming of University buildings and the Building and Campus Development Committee so recommends. The recommendation is presented with the concurrence of the administration of the University.

II. Appointments and/or Other Staff Changes

Recommendation: that approval be given to the appointments and/or other changes which require Board action and that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: Approval of the Board of Trustees is required for all appointments to the positions with the rank of Associate Professor and above, for promotions, for the granting of tenure, and for salary changes above \$12,000 for non-academic personnel and \$15,000 for academic personnel. All other appointments and/or changes may be made by the President and reported to the Board.

BOARD ACTION

New Appointments

Joe B. Paulk, Associate Professor of Home Economics in Business* (with tenure), Department of Nutrition and Food Science, College of Home Economics, effective January 1, 1971

Shu Yuan Yeh, Assistant Professor, Department of Psychiatry, College of Medicine, effective January 15, 1971 (salary over \$15,000)

*Special Title Series

Joint Appointment

John A. O'Donnell, Professor (with tenure), Department of Sociology,
College of Arts and Sciences, and Department of Behavioral Science,
College of Medicine, effective January 1, 1971

Promotion

Cleto Eliquin, Jr., Department of Psychiatry, College of Medicine, from
Assistant Clinical Professor (Voluntary Faculty) to Associate Clinical
Professor (Voluntary Faculty), effective January 1, 1971

Reappointment

Ernest F. Witte, Professor, College of Social Professions, for the period
July 1, 1970 through June 30, 1971

Leaves of Absence

Henry H. Bauer, Professor, Department of Chemistry, College of Arts and
Sciences, sabbatical leave for the academic year 1972-73, at half-salary

William G. Duncan, Professor, Department of Agronomy, College of
Agriculture, placed on special assignment for the period December 1,
1970 through May 1, 1971

Richard Levine, Associate Professor, College of Architecture, sabbatical
leave for the academic year 1971-72, at half-salary

Fred W. Zechman, Professor and Chairman, Department of Physiology and
Biophysics, College of Medicine, sabbatical leave for the period July 1,
1971 through December 31, 1971

James Zolman, Associate Professor, Department of Physiology and
Biophysics, College of Medicine, sabbatical leave for the period July 1,
1971 through June 30, 1972, at half-salary

ADMINISTRATION ACTION

New Appointments

* Earlene Joyce Craver, Assistant Professor, Department of History, College
of Arts and Sciences

Ernest Yanarella, Instructor, Department of Political Science, College of
Arts and Sciences

* Rank of Instructor if degree not completed by January 1, 1971

Bruce Carpenter, Instructor, Department of Vocational Education, College of Education

Robert K. Johns, Instructor of Social Work*, Department of Psychiatry, College of Medicine

Howard A. Wishnie, Instructor (Adjunct Series), Department of Psychiatry, College of Medicine

Ben H. Averitt, Instructor, Lexington Technical Institute

Martha L. Newman, Instructor, Henderson Community College

Administrative Appointment

Richard Lowitt, Professor, Department of History, College of Arts and Sciences, named Acting Chairman of the Department of History for the period January 1, 1971 through June 30, 1971

* Special Title Series

Action: Approved Disapproved Other

Date: December 8, 1970

Office of the President
December 8, 1970

PR 3

Members, Board of Trustees:

SUPPLEMENTAL RECOMMENDATIONS OF THE PRESIDENT

I. Appointments and/or Other Staff Changes

Recommendation: that approval be given to the appointments and/or other changes which require Board action and that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: Approval of the Board of Trustees is required for all appointments to the positions with the rank of Associate Professor and above, for promotions, for the granting of tenure, and for salary changes above \$12,000 for non-academic personnel and \$15,000 for academic personnel. All other appointments and/or changes may be made by the President and reported to the Board.

BOARD ACTION

Joint Appointment

Ernest W. Chick, Professor, Department of Community Medicine, College of Medicine, named Associate Director, Tobacco and Health Research Institute, effective January 1, 1971

Leave of Absence

Albert S. Levy, Associate Professor, Department of Special Education, College of Education, sabbatical leave for the period January 1, 1971 through June 30, 1971

Action: Approved X Disapproved Other

Date: December 8 , 1970

Office of the President
December 8, 1970

PR 4

Members, Board of Trustees:

REPORT OF SECRETARY ON RESULTS OF
ALUMNI MEMBER ELECTION

Recommendation: that the report of the Secretary of the Board of Trustees on the results of the election authorized by the Alumni Association be received and put to record, and that she be authorized to certify to the Governor the names of the three persons receiving the largest number of votes, from which list a successor to Mr. Robert H. Hillenmeyer, whose term expires December 31, 1970, will be appointed.

Background: The term of Mr. Robert H. Hillenmeyer as alumnus member of the Board of Trustees expires December 31, 1970. An election has been held among the alumni of the University as prescribed by statute and in accordance with the rules and regulations of the Board of Trustees. The following letter from the Secretary of the Board of Trustees to the President of the University reports the results of the election.

UNIVERSITY OF KENTUCKY
Lexington, Kentucky

Board of Trustees

December 7, 1970

Dr. Otis A. Singletary
President
University of Kentucky

Dear President Singletary:

The term of Robert H. Hillenmeyer, alumnus member of the Board of Trustees, expires December 31, 1970. An election has been held among the alumni of the University as prescribed by Statute and by the rules and regulations of the Board of Trustees. The following is the result of the election:

Mrs. Robert Clark	2,854	votes
Clayton Martin	1,444	"
James W. May	2,452	"
Mrs. Joe Morris	1,801	"
Frank Ramsey	3,873	"
Joe Rupert	2,233	"

Page 2

Will you please submit this information to the Board of Trustees that same may be approved and the names of the three receiving the highest number of votes be certified to the Governor of the Commonwealth of Kentucky, from which list of three he may appoint one to serve a term of four years beginning January 1, 1971.

Respectfully submitted,

Lucile T. Blazer

Lucile T. Blazer
Secretary
Board of Trustees

Action: Approved X Disapproved Other

Date: December 8 , 1970

Page 2

3. Comments - The proposed additional expenditures will be funded from increased income restricted to the purposes indicated above.

Action: Approved X Disapproved Other

Date: December 8 , 1970

UNIVERSITY OF KENTUCKY

LEXINGTON, KENTUCKY 40506

DEAN OF ADMISSIONS AND REGISTRAR

November 20, 1970


President Otis A. Singletary
University of Kentucky
103 Administration Building
Campus

Dear President Singletary:

At the University Senate meeting of Monday, November 16, 1970 the Senate unanimously passed the following resolution which was presented by Dr. Stanford L. Smith:

The Senate commends President Singletary for his efforts, within the limits of the law, to defend academic freedom. Recognizing that current concerns about academic freedom arise as a result of KRS 164.283(5), we urge the President and the Board of Trustees to take appropriate action to correct present deficiencies in KRS 164.283(5) which we believe to be in violation of academic freedom.

Cordially,


Elbert W. Ockerman, Secretary
University Senate

KWS/cn

UNIVERSITY OF KENTUCKY

LEXINGTON, KENTUCKY 40506

OFFICE OF ACADEMIC OMBUDSMAN

November 30, 1970

Dr. Otis A. Singletary, President
University of Kentucky
Administration Building
Campus

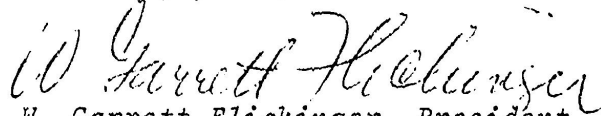
Dear Mr. President:

At the request of the Executive Committee of the local chapter of AAUP, I am enclosing herewith a formal statement regarding the recent incident concerning the FBI request for a class roll.

We wish you to be apprised of our concern of the problem and our support and approval of the stand you have taken in the matter.

If you feel it might be helpful, we authorize you to release this statement to the Board or to the press.

Sincerely yours,


W. Garrett Flickinger, President
U.K. Chapter, AAUP

WGF/klb

Enclosure

The Executive Board of the UK chapter of AAUP expresses grave concern about the recent release of a class roll to FBI agents conducting an investigation into a statement made during a class session. We do not question the right or necessity of law enforcement officials to investigate potential threats to lives and property. In fact, we are glad they are doing so. We do feel that this particular situation and, in general, the KRS statutes which require that student information be released, raise serious questions about constitutional rights to individual privacy as well as fundamental questions of academic freedom.

The pertinent legislation requires that the University release all "student records" upon "request" to local, state or national law enforcement agencies. The term "student records" includes, in addition to academic data such as classes attended and grades received, such private information as personal counseling records, financial records of students and their parents if the student has ever applied for a loan or scholarship, medical records, disciplinary records, and letters of recommendation from high schools, personal friends, etc. This constitutes a constant threat of an unwarranted invasion of individual privacy. The release of such records is required by the statute without any corresponding requirement that the investigating officer show cause why the information requested is needed.

The potential existence of such investigations, without any safeguards as to requirements of adequate cause, produces an extremely chilling effect on academic freedom. The possibility that some statement made in the classroom will be taken out of context as the basis for an investigation; the fear that if a student expresses an opinion or questions a statement he will be investigated; the concern by a professor that certain material not be discussed in class because it might result in the harrassment and intimidation of his students, all tend to make the objective consideration of ideas, the development of thinking processes in the student, and the honest establishment of values and the making of judgments by them impossible. Yet these are precisely the reasons for which institutions of higher learning are established. .

We wish to commend President Singletary for his fine statement and concern for the academic freedom of our community, and for his assumption of direct responsibility for, and attempts to protect, in so far as the law allows, the student's university records. We offer whatever assistance or support we can provide. We also urge the President, and through him the Board of Trustees, to seek modifications of the existing statutes so that they may cease to constitute a threat to academic freedom.

Finance Committee Report
December 8, 1970

FCR 1

Members, Board of Trustees:

INTERIM FINANCIAL REPORT

Recommendation: that the financial report for the four months ending October 31, 1970, be accepted.

Background: The October 31, 1970 report reflects income of \$51,523,199 for the period of the report; the income figure is 50.2% of the annual income estimate of \$102,534,899.

The expenditure and commitments represent a total of \$35,279,905 for this period of four months, or 34.4% of the expenditure authority of \$102,534,899 approved by the Board.

Action: Approved Disapproved Other

Date: December 8, 1970

UNIVERSITY OF KENTUCKY

Lexington, Kentucky

Office of Vice President
Business Affairs and Treasurer

November 11, 1970

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

Dear Dr. Singletary:

The interim financial report of the University of Kentucky for the four months ended October 31, 1970 is submitted herewith. This is the third such report of the current fiscal year and is intended to set forth a complete and permanent record of the financial affairs of the University for the period covered.

Respectfully submitted,



L. E. Forgy, Jr.
Vice President-Business Affairs
and Treasurer

Schedule 1

University of Kentucky
Balance Sheet
October 31, 1970
With Comparative Figures for 1969

	<u>1970</u>	<u>1969</u> (see note)
Current Funds:		
Unrestricted:		
Cash in bank:		
Depository funds	\$ 1,278,288	\$ 1,435,237
Federal funds	43,255	652,924
Imprest funds	212,316	133,916
Total cash	<u>1,533,859</u>	<u>2,222,077</u>
State funds- unexpended balances:		
Trust and agency funds	2,636,277	5,312,367
General fund appropriation	11,881,746	7,202,014
Due from other funds and affiliated corporations	2,959,249	2,397,600
Accounts receivable	806,964	770,697
Notes receivable	71,190	71,190
Inventories	1,515,694	1,505,026
Unrealized income	<u>36,041,267</u>	<u>34,451,204</u>
Total unrestricted	<u>57,446,246</u>	<u>53,932,175</u>
Restricted:		
Cash in bank	188,292	33,863
Tobacco research trust fund:		
Trust and agency funds	937,837	
Investments:		
Short-term	3,632,503	5,229,448
Other	842,616	842,616
Petty cash advances	248,439	226,063
Accounts receivable	32,653	51,259
Unrealized income	<u>1,701,392</u>	<u>1,434,280</u>
Total restricted	<u>7,583,732</u>	<u>7,817,529</u>

University of Kentucky
Balance Sheet
October 31, 1970

Schedule 1

With Comparative Figures for 1969

	<u>1970</u>	<u>1969</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Current Funds:		
Unrestricted:		
Outstanding encumbrances	\$ 3,032,983	(see note) \$ 3,681,469
Accounts payable-county funds	29,188	9,897
Due to Federal government	231,025	194,867
Advance from state for imprest cash fund	650,000	650,000
Deferred income	226,570	188,978
Unencumbered balance, departmental appropriations	48,991,746	46,940,924
Fund balances allocated:		
Reserve for inventories	1,049,230	987,009
Reserve for notes receivable	71,190	71,190
Workmen's compensation payments	19,626	
Future operating purposes	1,414,016	828,956
Fund balances-unallocated	<u>1,730,672</u>	<u>378,885</u>
Total unrestricted	<u>57,446,246</u>	<u>53,932,175</u>
Restricted:		
Outstanding encumbrances	15,206	27,536
Due to other funds and affiliated corporations	4,010,742	4,853,349
Outstanding check liability	20,877	13,121
Undistributed collections and clearing	216,867	904,487
Unencumbered balance, departmental appropriations	1,582,272	1,169,697
Fund balances	802,241	849,339
Fund balances Tobacco Research Trust Fund	<u>935,527</u>	
Total restricted	<u>7,583,732</u>	<u>7,817,529</u>

Schedule 1

University of Kentucky
Balance Sheet
October 31, 1970
With Comparative Figures for 1969

	<u>1970</u>	<u>1969</u> (see note)
<u>ASSETS</u>		
Hospital and clinics:		
Cash in bank--depository funds	\$ 1,183,313	\$ 634,268
State funds--unexpended balances:		
Trust and agency funds	1,482,878	1,006,032
Accounts receivable, net of allowance for doubtful accounts	2,907,282	1,919,730
Inventories	338,632	435,266
Unrealized income	<u>6,912,642</u>	<u>6,209,687</u>
Total hospital and clinics	<u>12,824,747</u>	<u>10,204,983</u>
Housing and dining system:		
Cash in bank	626,576	7,526
Due from other funds and affiliated corporations	764,682	1,270,619
Accounts receivable	363,258	331,790
Inventories	714,862	696,915
Prepaid expenses	771,112	724,819
Accrued interest income	<u>13,907</u>	<u>14,329</u>
Total housing and dining system	<u>3,254,397</u>	<u>3,045,998</u>
Auxiliary enterprises:		
Cash in bank	31,934	53,329
Due from other funds and affiliated corporations	792,793	912,285
Accounts receivable	38,460	22,565
Inventories	317,714	245,556
Unrealized income	<u>1,151,695</u>	<u>1,130,929</u>
Total auxiliary enterprises	<u>2,332,596</u>	<u>2,363,764</u>
TOTAL CURRENT FUNDS	<u>\$83,441,718</u>	<u>\$77,364,449</u>

Schedule 1

University of Kentucky
Balance Sheet
October 31, 1970

With Comparative Figures for 1969

LIABILITIES AND FUND BALANCES

	<u>1970</u>	<u>1969</u>
Hospital and clinics:		
Outstanding encumbrances	\$ 272,285	(see note) \$ 220,972
Due to other funds	27,737	1,540
Unexpended balance, departmental appropriations	9,895,370	8,274,687
Fund balances--allocated:		
Reserve for inventories	366,931	350,686
Reserve for accounts receivable	<u>2,262,424</u>	<u>1,357,098</u>
Total hospital and clinics	<u>12,824,747</u>	<u>10,204,983</u>
Housing and dining system:		
Accrued wages	94,198	68,401
Accounts payable	282,924	331,115
Accrued expenses	9,000	19,749
Deferred income	1,296,162	1,098,924
Fund balances:		
Funds for renewals and replacements	1,137,537	996,048
Allocated for future operating purposes	<u>434,576</u>	<u>531,761</u>
Total housing and dining system	<u>3,254,397</u>	<u>3,045,998</u>
Auxiliary enterprises:		
Outstanding encumbrances	111,978	165,698
Unencumbered balance, departmental appropriations	1,520,474	1,558,207
Fund balances:		
Reserve for inventories	317,714	245,556
Funds for renewals and replacements	21,729	
Allocated for future operating purposes	<u>360,701</u>	<u>394,308</u>
Total auxiliary enterprises	<u>2,332,596</u>	<u>2,363,764</u>
TOTAL CURRENT FUNDS	<u>\$83,441,718</u>	<u>\$77,364,449</u>

Schedule 1

University of Kentucky
Balance Sheet
October 31, 1970
With Comparative Figures for 1969

ASSETS

	<u>1970</u>	<u>1969</u> (see note#)
Loan Funds:		
Cash in bank	\$ 59,485	
Notes receivable	4,943,215	\$ 4,455,478
Due from other funds		106,222
Due from Federal government	9,887	9,523
Due from United Student Aid loan fund	<u>2,000</u>	<u>2,000</u>

TOTAL LOAN FUNDS

\$ 5,014,587

\$ 4,573,223

Endowment Funds:

Cash	\$ 5,565	\$ 11,733
Accounts receivable	2,262	
Due from other funds		3,247
Investments:		
Short-term	1,000	
Other	<u>811,425</u>	<u>742,695</u>

TOTAL ENDOWMENT FUNDS

\$ 820,252

\$ 757,675

Plant Funds:

Unexpended plant funds		
Cash on deposit with State Treasurer	\$ 860,054	\$ 1,279,467
Capital construction funds	19,323,288	31,951,750
Due from Federal Government	5,103,092	4,670,429
Due from other funds	77,849	470,609
Construction funded	<u>75,869,762</u>	<u>73,427,314</u>

Total unexpended plant funds

101,234,045

111,799,569

University of Kentucky
Balance Sheet
October 31, 1970
With Comparative Figures for 1969

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1970</u>	<u>1969</u> (see note)
Loan Funds:		
Due to other funds	\$ 29,807	
Federal sponsored loan funds:		
Federal government	4,321,423	\$ 3,992,563
University matching funds	396,150	372,508
Accumulated interest income	154,667	108,653
Total Federal sponsored loan funds	<u>4,872,240</u>	<u>4,473,724</u>
University loan funds:		
University student loan funds	43,856	35,437
University special student loan funds	66,684	62,062
United Student Aid loan fund	2,000	2,000
TOTAL LOAN FUNDS	<u>\$ 5,014,587</u>	<u>\$ 4,573,223</u>
Endowment Funds:		
Funds balances	\$ 820,252	\$ 757,675
TOTAL ENDOWMENT FUNDS	<u>\$ 820,252</u>	<u>\$ 757,675</u>
Plant Funds:		
Unexpended plant funds:		
Outstanding encumbrances	\$ 9,766,005	\$ 13,781,363
Due to Commonwealth of Kentucky	1,986,137	4,038,826
Notes payable	30,410,966	49,500,000
Appropriations- unencumbered balances	10,306,806	19,781,222
University equity in projects	<u>48,764,131</u>	<u>24,698,158</u>
Total unexpended plant funds	<u>101,234,045</u>	<u>111,799,569</u>

Schedule 1

University of Kentucky
Balance Sheet
October 31, 1970

With Comparative Figures for 1969

ASSETS

	<u>1970</u>	<u>1969</u> (see note)
Retirement of indebtedness funds:		
Cash on deposit with State Treasurer	\$ 2,309,555	\$ 345,793
Cash on deposit with Trustee	245,000	
Unrealized income	<u>3,032,923</u>	<u>2,489,302</u>
Total retirement of indebtedness funds	<u>5,587,478</u>	<u>2,835,095</u>
Sinking funds:		
Cash on deposit with State Treasurer	860,612	74,076
Investments held by Trustee	<u>10,396,117</u>	<u>10,470,040</u>
Total sinking funds	<u>11,256,729</u>	<u>10,544,116</u>
Invested in plant:		
Land	5,711,982	5,541,233
Buildings	148,547,550	122,637,876
Equipment	<u>36,071,744</u>	<u>32,650,851</u>
Total invested in plant	<u>190,331,276</u>	<u>160,829,960</u>
TOTAL PLANT FUNDS	<u>\$ 308,409,528</u>	<u>\$ 286,008,740</u>
Agency Funds:		
Cash in bank	\$ 12,570	\$ 6,421
Due from other funds	1,174,823	526,462
Investments: short-term	<u>3,000</u>	
TOTAL AGENCY FUNDS	<u>\$ 1,190,393</u>	<u>\$ 532,883</u>

Note: Certain reclassifications have been made with respect to the figures for 1969 for the purpose of comparability.

University of Kentucky
Balance Sheet
October 31, 1970
With Comparative Figures for 1969

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1970</u>	<u>1969</u> (see note)
Retirement of indebtedness funds:		
Unexpended balances, debt service	\$ 5,244,158	\$ 2,756,128
Funds balances	<u>343,320</u>	<u>78,967</u>
Total retirement of indebtedness funds	<u>5,587,478</u>	<u>2,835,095</u>
Sinking funds:		
Bonds payable	4,908,000	5,120,000
Funds balances	<u>6,348,729</u>	<u>5,424,116</u>
Total sinking funds	<u>11,256,729</u>	<u>10,544,116</u>
Invested in plant:		
Notes payable	14,689,034	,
Bonds payable	51,847,000	47,123,500
Due to other funds	25,765	400,000
Net investment in plant	<u>123,769,477</u>	<u>113,306,460</u>
Total invested in plant	<u>190,331,276</u>	<u>160,829,960</u>
TOTAL PLANT FUNDS	<u>\$ 308,409,528</u>	<u>\$ 286,008,740</u>
Agency Funds:		
Agency funds balances	<u>\$ 1,190,393</u>	<u>\$ 532,383</u>
TOTAL AGENCY FUNDS	<u>\$ 1,190,393</u>	<u>\$ 532,383</u>

University of Maryland
 Statement of Changes in Fund Balances—Current Funds
 Four Months Ended October 31, 1970

	<u>Unallocated</u>	<u>Allocated for Future Operating Purposes</u>	<u>Restricted</u>	<u>Hospital and Clinics</u>	<u>Housing and Dining System Funds for Renewals and Replacements</u>	<u>Auxiliary Enterprises</u>
Balances, July 1, 1970	\$ 1,936,068	\$ 4,219,416	\$ 802,241	\$ 2,262,424	\$ 1,155,667	\$ 979,558
Allocations:						
Current operations		(2,805,400)				
Prior year encumbrances	(215,780)					
Current year provisions					111,592	
Expended					(129,722)	
Parking account						(511,855)
Renovation of furniture and fixtures						(107,002)
Adjustments of prior year expenditures - net	<u>10,384</u>					
Balances, October 31, 1970	<u>\$ 1,730,672</u>	<u>\$ 1,414,016</u>	<u>\$ 802,241</u>	<u>\$ 2,262,424</u>	<u>\$ 1,137,537</u>	<u>\$ 360,701</u>

Schedule 3

Schedule of Changes in Unrestricted Fund and
Hospital Estimated Income
For the Four Months Ended October 31, 1970

Unrestricted Fund:	Original	Interim Adjustments		Adjusted
	Budget	August	September	Budget October 31, 1970
Student fees	\$ 9,415,200	\$ 9,700		\$ 9,424,900
State appropriations	53,132,840		\$(631,730)	52,501,110
Federal appropriations	5,841,100			5,841,100
County appropriations	776,100			776,100
Endowment and trust fund income	181,200			181,200
Gifts and grants	2,535,400	73,700		2,609,100
Sales, services and other income	2,275,000		5,000	2,288,243
Unallocated fund balances appropriated	<u>2,805,400</u>	<u>215,780</u>		<u>3,021,180</u>
Total unrestricted	<u>\$ 76,962,240</u>	<u>\$ 299,180</u>	<u>\$(626,730)</u>	<u>\$ 76,642,933</u>
Hospital and Clinics:				
State appropriations	\$ 4,297,160			\$ 4,297,160
Hospital income	<u>9,082,900</u>			<u>9,082,900</u>
Total hospital and clinics	<u>\$ 13,380,060</u>			<u>\$ 13,380,060</u>

Schedule 4
 Schedule of Changes in Unrestricted Fund
 and Hospital Expenditure Appropriations
 For the Four Months Ended October 31, 1970

	<u>Unrestricted</u>	<u>Hospital and Clinics</u>	<u>Total</u>
Original budget	\$ 76,962,240	\$ 13,380,060	\$ 90,342,300
Increases (decreases) as approved by Board of Trustees: August	83,400		83,400
Allotments for encumbrances (total of \$ 400,000 approved in August)	215,780		215,780
September	(626,730)		(626,730)
October	<u>8,243</u>		<u>8,243</u>
Total per Report	<u>\$ 76,642,933</u>	<u>\$ 13,380,060</u>	<u>\$ 90,022,993</u>

University of Kentucky
 Summary of Current Funds Revenues and Appropriated Balances
 Four Months Ended October 31, 1970
 With Comparative Figures for 1969

Four Months Ended October 31, 1969 (see note)		Four Months Ended October 31, 1970	
Estimated for the Year	Realized to Date	Estimated for the Year	Realized to Date
	% Realized		% Realized
Unrestricted:			
Student fees	54.5	\$ 9,424,900	\$ 5,581,340
State appropriations	51.1	52,501,110	29,201,433
Federal appropriations	34.8	5,841,100	1,571,483
County appropriations	45.1	776,100	198,829
Endowment and trust fund income	28.1	181,200	44,034
Gifts and grants (includes grants from affiliated corporations)	3.1	2,609,100	54,777
Sales, services, and other income	43.4	2,288,243	928,590
Unallocated fund balances appropriated	100.0	3,021,180	3,021,180
Total unrestricted	51.7	76,642,933	40,601,666
	25.3	2,327,969	626,577
Restricted			
Hospital and clinics:			
State appropriations	51.5	4,297,160	2,376,367
Hospital earned income- net	39.2	9,082,900	4,091,051
Unrestricted fund balances appropriated	100.0	13,380,060	6,467,418
Total hospital and clinics	46.3	7,656,193	2,451,489
Housing and dining system	33.5	2,527,744	1,376,049
Auxiliary enterprises	53.5		
	49.2	\$102,534,899	\$51,523,199
TOTAL CURRENT FUNDS REVENUES AND APPROPRIATED BALANCES			
			50.2

Note: Certain reclassifications have been made to the figures for the four months ended October 31, 1969 for the purpose of comparability.

Schedule 6

University of Kentucky
Summary of Current Funds Expenditures
Four Months Ended October 31, 1970
With Comparative Figures for 1969

<u>Four Months Ended October 31, 1969 (see note)</u>		<u>Four Months Ended October 31, 1970</u>	
Appropriation for the Year	Encumbered to Date	Appropriation for the Year	Encumbered to Date
		Expended or	Expended or
		%	%
		to Date	to Date
		Encumbered	Encumbered
		to Date	to Date
		to Date	to Date
Unrestricted:			
Departments of instruction and research	\$ 27,411,406	\$ 8,780,398	32.3
Community colleges	6,231,144	2,007,720	32.2
Summer session-1970	598,816	657,197	109.7
Organized activities	1,185,488	579,521	48.9
Organized research	6,297,476	2,435,719	38.7
Libraries	2,131,383	1,010,124	47.4
Extension and public service	8,015,202	2,733,781	34.1
Maintenance and operation of plant	4,668,957	1,748,174	37.4
Renovation and office furniture	414,433	174,908	42.2
General administration	2,618,791	823,307	31.4
Student services	2,401,492	866,421	36.1
Staff benefits	4,379,900	1,328,687	30.3
General institutional services	1,843,915	467,935	25.4
Service enterprises	118,276	163,743	87.7
Debt service cost	1,400,000	487,270	34.8
Student aid	214,251	127,329	59.4
Reserves	1,342,228		
	<u>71,273,158</u>	<u>24,332,234</u>	<u>34.1</u>
		\$ 27,870,127	31.9
		6,174,961	32.9
		636,085	97.2
		546,815	26.6
		6,213,308	35.3
		2,032,622	53.6
		8,930,238	33.6
		4,692,221	40.1
		300,000	112.7
		2,880,081	30.2
		2,493,155	33.2
		4,932,200	29.8
		1,949,155	27.9
		113,412	71.6
		5,531,100	38.1
		821,903	67.5
		<u>525,550</u>	
		76,642,933	36.1
		<u>27,651,187</u>	<u>36.1</u>

University of Kentucky
Summary of Current Funds Expenditures
Four Months Ended October 31, 1970
With Comparative Figures for 1969

Four Months Ended October 31, 1969 (see note)		Four Months Ended October 31, 1970	
Appropriation for the Year	Expended or Encumbered to Date	Appropriation for the Year	Expended or Encumbered to Date
\$ 469,160	\$ 95,965	\$ 704,132	\$ 154,162
4,578	693	106,916	32,428
87,013	36,070	13,820	32
13,387	182	324,944	46,172
429,605	182,771	19,872	8,533
1,193	288	89,016	62,646
94,840	31,672	1,069,289	441,724
880,207	482,645	2,327,989	745,697
1,919,983	750,286	13,380,060	3,484,690
11,555,183	3,280,496	7,656,193	2,391,061
7,332,634	2,272,788	2,527,744	1,007,270
2,547,351	989,144		
\$94,628,309	\$31,624,948	\$102,534,899	\$35,279,905
23.5	15.1		21.9
41.5	1.4		30.3
42.5	24.1		14.2
33.4	33.4		42.9
45.7	39.1		70.4
			41.3
			32.0
			26.0
			31.2
			39.8
			34.4

Note: Certain reclassifications have been made to the figures for the four months ended October 31, 1969 for the purpose of comparability.

University of Kentucky
 Schedule of Short Term Investments
 For the Four Months Ended October 31, 1970

Schedule 7

	Maturity Value	Cost
Restricted Current Funds:		
Government securities:		
Banks for Cooperatives, 7.85%, 1-4-71	\$ 129,000	\$ 129,000
Federal National Mortgage Association, 8.75%, 2-10-71	20,000	20,000
Consolidated FIC Bonds, 8.15%, 3-1-71	100,000	100,000
FNMA Notes, 8.7%, 3-10-72	20,000	20,000
Consolidated FIC Bonds, 8.05%, 4-1-71	500,000	500,000
Federal Land Bank Bonds, 8.5%, 4-20-71	400,000	400,000
Federal Land Bank Bonds, 8.45%, 7-20-71	50,000	50,000
FNMA Notes, 8.45%, 10-12-71	300,000	300,000
Federal Home Loan, 8.2%, 11-26-71	150,000	150,000
FIC Bank Bonds, 6.8%, 8-2-71	500,000	500,000
Total government securities	2,169,000	2,169,000
Corporate notes:		
Penn Central Transportation Company, 8.875%, 6-29-70	500,000	481,017
Republic Steel Corp. Note, 8.125%, 11-4-70	500,000	489,844
Transcontinental Gas Pipe Line Company Note, 8.125%, 1-22-71	200,000	192,642
Total corporate notes	1,163,503	1,163,503
Certificates of deposit:		
First Security Bank & Trust Company, 7.5%, 12-7-70	300,000	300,000
TOTAL RESTRICTED FUNDS	\$ 3,632,503	\$ 3,632,503
Endowment Funds:		
Government securities:		
Banks for Cooperatives, 7.85%, 1-4-71	\$ 1,000	\$ 1,000
Agency Funds:		
Certificates of Deposit:		
First Security Bank & Trust Company, 5%, 11-30-70	\$ 3,000	\$ 3,000

Schedule 8

University of Kentucky
Schedule of Unexpended Plant Funds
For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allo-
			Encumbrances	Allo-	tment
Main Campus-					
1. Consolidated Educational Bonds C & D-PR 9-	\$ 12,700,000	\$ 12,700,000	\$ 11,980,250	\$ 11,923,313	\$ 56,937
Classroom-Office Building 128 and 129					
Lab Office Bldg-Ag Science II			3,720	3,720	
Animal Nutrition Barn Improvements-745			5,386,679	5,139,474	247,205
Agricultural Sciences- Lab Building # 2-749			5,390,399	5,143,194	247,205
Subtotal	4,000,000	5,390,399	3,752,074	3,752,074	
Appurtenant Facilities-Parking Structures-916	4,200,000	3,752,074			
Appurtenant Facilities-Utilities					
Medical Center-Relocation of Cooling Tower-302		4,916,519	1,794,413	1,697,120	97,293
Electrical Substation No. 2-Central Campus-919			706,652	702,152	4,500
Cooling Plant No. 2 Central Campus-920			1,184,592	1,184,592	
Central Heating Plant-Aux. Equipment-921			443,774	426,304	17,470
Utility Distribution System-935			382,688	367,284	15,404
Cooling Plant No. 1-Expansion-942			632,625	591,375	41,250
Subtotal	4,050,000	4,916,519	5,144,744	4,968,827	175,917
Appurtenant Facilities-UK Phy Ed & Recreation	275,000	253,028	Closed project		
Appurtenant Facilities-Ingress & Egress	351,000	167,158	Closed project		
Appurtenant Facilities-Permanent Surfacing Parking					
Surface Parking, Lighting and Landscaping-936	185,000	413,214	291,454	291,454	
Surface Parking-Harrison and Euclid Avenues-963			61,527	61,527	
Subtotal	185,000	413,214	352,981	352,981	
Appurtenant Facilities-Pedestrian Access & Light	275,000	345,598	345,598	318,612	26,986
Lab Office & Studio Facilities-University Wide					
Arts Building for Metal Casting-601	2,500,000	1,705,800	101,933	100,991	942
Prefabricated Research Laboratories-Phase I-934			1,546,168	1,546,168	
Subtotal	2,500,000	1,705,800	1,648,101	1,647,159	942

Schedule 8

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allotment
	\$	\$	\$	\$	\$
1. Continued					
Complete Interior Reconstruction - Memorial Hall-930	400,000	458,103	437,348	424,494	12,854
Substantial Interior Reconstruction - Portion Library Service Building-924	300,000	472,708	472,708	437,648	35,060
Appurtenant Facilities-Site Preparation Veterans Administration Hospital Site Preparation and Clearance-941	499,000	480,490	427,490	414,412	13,078
Veterans Administration Hospital-Connecting Bridge-943	---	---	64,928	57,140	6,888
Subtotal	499,000	480,490	491,518	471,552	19,966
Health, Physical Education & Recreation Building-968	2,500,000	2,500,000	102,500	18,666	83,834
Laboratory Office Facilities-967	2,300,000	2,300,000	88,500	74,906	13,594
Unallocated-Additional Projects 100C0B	1,018,000	---	---	---	---
Subtotal	4,800,000	5,818,000	191,000	93,572	97,428
Total	34,535,000	36,873,091	30,206,721	29,533,426	673,295
Contingency	2,500,000	97,395	---	---	---
Legal, administrative and interest expense	3,891,914	5,014,041	5,014,041	5,014,041	---
Clearing-900	---	---	3,806,521	---	3,806,521
Total	40,926,914	41,984,527	39,027,283	34,547,467	4,479,816

University of Kentucky
Schedule of Unexpended Plant Funds
For the Four Months Ended October 31, 1970

Schedule 8

<u>Source of Funds:</u>	<u>Board</u> <u>Approved</u>	<u>Estimated</u> <u>Project Costs</u>	<u>Allotment</u>	<u>Expenditures</u> <u>and</u> <u>Encumbrances</u>	<u>Balance</u> <u>of</u> <u>Allotment</u>
Title I Grant	\$ 1,445,356				
Title II Grant	1,129,070				
Title III Loan (Series C)	4,290,000				
Series D Bonds	28,995,000				
Special State Capital Construction	578,000				
State Capital Construction Funds	700,000				
Veterans Administration	679,544				
University Fund Balances:					
Sports Center	39,000				
Series C Bonds Maturity	110,000				
Series D Bonds Maturity	255,000				
PR-6	100,000				
Interest Earned on Bonds	3,037,577				
Housing and Dining	225,980				
Fund Balance (Old Series B Bonds)	<u>400,000</u>				
	<u>\$41,984,527</u>				

Schedule 8

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	<u>Board Approved</u>	<u>Estimated Project Cost</u>	<u>Allotment</u>	<u>Expenditures and Encumbrances</u>	<u>Balance of Allotment</u>
Main Campus -					
2. Consolidated Educational Bonds (not assigned) PR 10 & 11 -					
Lab Office Building- Biological Sciences-Phase I-940	\$ 10,000,000	\$ 11,378,000	\$ 120,625	\$ 120,625	
Addition to Margaret I. King Library-938	4,100,000	4,100,000	132,864	132,864	
Computer Facilities (cancelled)-982	2,800,000	7,500	7,500	6,208	\$ 1,292
Medical Center--New Construction and Renovation					
Addition of 2 Floors- 301	8,500,000	8,500,000	10,000	10,000	
Handicapped Children's Center-939			10,000	10,000	
Patient Care Services--307			7,000	5,000	2,000
Total	25,400,000	23,985,500	287,939	284,697	3,292

Source of Funds:

General Obligation Bonds	\$ 356,588
Unissued Bonds and Grants	<u>23,628,912</u>
	<u>\$ 23,985,500</u>

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

Schedule 8

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance 6/30/70
Main Campus--					
2. Non-Recurring Maintenance Items FCR-6--					
Roof Repairs-- E. Wing Engr. Bldg. -Anderson Hall--922	\$ 42,000	\$ 33,764	\$ 16,577	\$ 15,349	\$ 1,228
Air Conditioning-- Bowman, Bradley, Breckinridge and Kinkaid-- 138	387,410	387,410	387,410	371,593	15,817
Centrex-Conduit for Medical Center--321		55,309	55,309	52,071	3,238
Roof and Masonry Repairs--Administration Building	60,000	35,923	Closed		
Masonry Repairs--Administration--965		24,077	24,077	22,391	1,686
Subtotal	60,000	60,000	24,077	22,391	1,686
Roof Repairs--McVey Hall	15,000	15,000		5,000	
McVey Hall--Roof Repairs--38404			5,000		
McVey Hall--Gutter Repairs--38392			10,000	10,000	
Subtotal	15,000	15,000	15,000	15,000	
Erikson Hall--Tie Ceiling 1st Floor--38439	15,000	5,000	5,000	4,422	578
Renovation--Taylor Education Building--117	121,000	171,000	26,198	1,000	25,198
Campus Wide Electrical Renovation--119--38445--38443	210,000	152,000	35,750	30,750	15,000
Electrical Fine Arts--38444	9,000	9,000	9,000	9,000	
Plumbing--Taylor Education Building--38394	8,000	8,000	8,000	8,619	(619)
Heating--Alumni Gym--38395	3,000	3,000	Closed		
Plumbing--Reynolds # 1 (Sprinkler System)--38396	9,000	9,000	9,000	9,000	
Hardware	20,000	20,000			
Alumni Gym and Taylor Building--38428			10,000	9,750	250
Animal Pathology Building & Home Economics Building--38429			10,000	10,000	
Subtotal	20,000	20,000	20,000	19,750	250
Non-Recurring Maintenance Clearing--39-40			360,632		360,632
Roof Repairs--Administration Annex--969	8,000	16,236	16,236	14,760	1,476
Total	907,410	944,719	988,189	563,705	424,484

Source of Funds:
 Fund Balances--Special Appropriation \$ 900,000
 Fund Balances--Special Appropriation 300,000
 Closed Projects (197,281)
 Transferred to St. Cap. Constr. Projects (58,000)

Schedule 8

University of Kentucky
Schedule of Unexpended Plant Funds
For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allotment
Main Campus--					
4. State Capital Construction Funds--FCR -3					
Agricultural Regulatory Services Facilities--745					
Community Medicine Facility--Mycology and Animal Tuberculosis--322	Cancelled				
Renovation of Engineering Quadrangle-III	\$ 100,000	\$ 100,000	\$ 7,000	\$ 6,031	\$ 969
Development of Intramural Fields--118	250,000	349,000	349,332	22,567	326,765
Renovation of Neurosurgery--860	250,000	250,000	173,985	38,900	135,085
Contingency	220,000	294,000	270,014	267,235	2,779
Undistributed (not allotted to specific projects)--400	3,500		344,898		344,898
Total	823,500	993,000	1,145,229	334,733	810,496

Source of Funds:

Board Action FCR-3	\$ 1,852,500
Transferred to Ag. Science Building II	(500,000)
Shown on Community College Schedule	(259,500)
Transferred to New Facilities from FCR 2	(200,000)
Transferred from Non-Recurring Maintenance	58,000
Fund Balances	<u>41,000</u>
	<u>\$ 993,000</u>

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allotment
Main Campus					
5. Major Improvements - PR 6 Miscellaneous Construction					
Substantial Interior Reconstruction Portions					
Agr. Science Building Small Annex Lab to Tobacco	\$ 162,000	\$ 220,813	\$ 220,813	\$ 220,813	240
Health and Research 319	136,500	137,769	138,009	137,059	240
Substantial Interior Reconstruction Portions Anderson					
Hall (Engr. Quadrangle) 922	150,000	213,060	225,401	215,073	10,332
Minor Interior Changes & Major Mech & Electrical					
Highway Materials Research Lab (Graham Avenue) 932	75,000	75,000			
Substantial Reconstruction Agr. Experiment Station	523,500	656,642	584,227	573,655	10,572
Subtotal PR 6	2,007,344	2,007,344	2,007,344	2,007,344	
Purchase of Computers - FCR 2 12/9/69 102		58,262	58,262	54,600	3,662
Demolition of Houses 101		51,000	50,231	46,649	4,352
Flammable Storage Buildings 101					
Total	2,130,844	2,763,248	2,700,864	2,682,248	18,516

Source of Funds:

Fund Balances	\$ 1,901,312
General Obligation Bonds	776,527
KRF Grant (Aero Res Lab)	32,000
USDA Grant	53,409
	<u>\$ 2,763,248</u>

Schedule 8

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allotment
Main Campus-					
6. Others-					
Coldstream Research Feed and Processing Center-746	\$ 293,475	\$ 293,475	\$ 293,475	\$ 277,370	\$ 16,105
South Farm Horticulture-Storage and Research-750		75,348	75,348	72,601	2,747
Miscellaneous Parking Construction-964		47,900	47,900	46,400	1,500
Ag. Service -Agronomy Seed & Lab-928		1,000	1,000	1,000	
Closed Circuit TV (Engr. & Commerce Bldgs)-966		70,000	22,000	7,000	15,000
Fire Escape-Jewell & Reynolds-905		56,432	56,432	50,160	6,272
Construction New Parking Lots-970	200,000	200,000	200,000	162,022	37,978
Renovation Lafferty Hall-971		3,500	3,500		3,500
Total	493,475	744,155	699,655	616,553	83,102

Source of Funds:	
Fund Balances	\$ 66,623
General Obligation Bonds	39,661
Auxiliary Services	248,163
State Fire and Tornado Fund	134,932
Transferred from PR-6	11,773
70-71 Renovation Funds	78,500
USDA Grants	164,503
	<u>\$ 744,155</u>

Schedule 8

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	<u>Board Approved</u>	<u>Estimated Project Cost</u>	<u>Allotment</u>	<u>Expenditures and Encumbrances</u>	<u>Balance of Allotment</u>
			\$ 3,179,056	\$ 3,099,016	\$ 80,040

Main Campus -
 6. Continued
 Property Acquisitions-135

Source of Funds:
 General Obligation Bonds \$ 2,488,000
 Fund Balances 592,900
 Proceeds from Sales 98,156
\$ 3,179,056

Completed Projects (Medical Center - Hill Burton)			111,513		11,513
Housing and Dining Complex			105,640	49,890	55,750
Minor Renovation Projects in Process 38-39			484,817	323,371	161,446
Unallocated Renovation Funds 39-500			240,557		240,557
Undistributed Portion of Fund Balances 100					77,445
University Funds					173,146
Restricted Funds					
Unallocated General Obligation Bonds			1,843,210		1,843,210

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	Board Approved	Estimated Project Cost	Allotment	Expenditures and Encumbrances	Balance of Allocation
Community Colleges--					
7. Consolidated Education Bonds-Series A & B-- Elizabethtown-- 504 (712)only	\$ 1,613,687	\$ 1,613,687	\$ 143,062	\$ 141,911	\$ 1,151
Elizabethtown--Preliminary Development Plans-510			9,025	9,025	
Elizabethtown Academic Facilities--525	1,613,687	1,613,687	1,627,937	1,554,548	73,389
Subtotal	5,689,684	1,780,024	1,705,484	1,705,484	74,540
Jefferson					
Phase I-547	1,236,252	1,382,764	1,365,101	1,365,101	17,663
Phase II-- 534	3,966,327	3,691,327	3,496,517	3,496,517	194,810
Utilities Tunnel--549	427,882	427,882	406,841	406,841	21,041
Subtotal	5,630,461	5,501,973	5,268,459	5,268,459	233,514
Headerson --529	1,239,861	1,239,861	1,253,145	1,211,894	41,251
Prestonsburg	1,702,199	1,702,199			
Prestonsburg (Equipment)--505			158,020	157,211	809
Preliminary Development Plans & Restudy--513			12,897	12,597	300
Academic Facilities--541	1,702,199	1,702,199	2,001,737	1,624,998	376,739
Subtotal	1,702,199	1,702,199	2,172,654	1,794,806	377,848
Hopkinsville Academic Facilities--531	774,302	774,302	780,302	744,217	36,085
Hopkinsville (Old Series B Bonds)--508	223,620	223,620	1,219,593	1,219,593	
Somerset	837,776	867,776			
Preliminary Development Plans--512			9,450	9,450	
Academic Facilities--543	837,776	867,776	867,776	794,022	73,754
Subtotal	837,776	867,776	877,226	803,472	73,754
Somerset (Old Series B Bonds)--506	176,380	176,380	873,957	873,957	
Hazard	1,747,560	1,838,786			
Preliminary Development Plans--507			10,427	10,427	
Academic Facilities--527	1,747,560	1,838,786	1,853,796	1,759,343	94,453
Subtotal	1,747,560	1,838,786	1,864,223	1,769,770	94,453

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	Board		Estimated Project Cost	Allotment	Expenditures and Encumbrances		Balance of Alotment
	Approved	Project Cost			Encumbrances	Alotment	
Continued							
Madisonville-550	\$ 12,000	\$ 12,000		\$ 32,000	\$ 11,401	\$ 20,599	
Maysville	1,900,379	1,900,379					
Preliminary Development Plans-536			9,875		9,450		425
Academic Facilities-537			1,880,061		1,800,365		79,696
Subtotal	1,900,379	1,900,379	1,889,936		1,809,815		80,121
Southeast	1,010,684	1,010,684					
Preliminary Development Plans-515			10,594		10,594		
Academic Facilities-545			1,015,787		987,208		28,579
Subtotal	1,010,684	1,010,684	1,026,381		997,802		28,579
Ashland Phase I	3,461,770	3,461,770					
Preliminary Development Plans-517			12,436		12,436		
Construction of Parking Lot-519	90,000	90,000	90,000				90,000
Academic Facilities-523			3,461,770		3,287,113		174,657
Subtotal	3,551,770	3,551,770	3,564,206		3,299,549		264,657
Ashland Phase II-524	7,500	7,500		27,500	5,000		22,500
Movable Buildings-548	677,875	738,230		420,018	420,003		135
Legal, Administrative, and Interest Expenses-500	997,295	774,912		881,303	880,821		482
Community College Bond Issue-500-730		2,205,215		354,666			354,666
Total	22,162,572	24,267,762	24,519,107	22,816,043	1,703,064		

Schedule 8

University of Kentucky
 Schedule of Unexpended Plant Funds
 For the Four Months Ended October 31, 1970

	<u>Board Approved</u>	<u>Estimated Project Cost</u>	<u>Allotment</u>	<u>Expenditures and Encumbrances</u>	<u>Balance of Allotment</u>
7. Continued					
<u>Source of Funds:</u>					
Title I Grant	\$ 6,370,577				
Bonds Series A	12,200,000				
Bonds Series B	4,489,000				
Est. Interest Earned	1,093,622				
Norton Memorial Hospital	95,063				
Madisonville Reserve	12,888				
Advance from T & A	7,500				
Ashland Board of Education	45,000				
Transferred to Community College					
Educational TV	(45,000)				
	<u>\$24,267,762</u>				
<u>Other Projects:</u>					
Educational Television--Community Colleges-518	\$ 100,000	\$ 145,000	\$ 125,722	\$ 87,039	\$ 38,683
Dorm Facilities--Wood Utilization Center--Quicksand-109	150,000	158,588	158,440	157,194	2,246
Somerset Amphitheater-502		1,000	1,000	1,000	
Total	250,000	304,500	286,162	245,233	40,929
<u>Source of Funds:</u>					
State Capital Construction Funds	\$ 259,500				
Community College Bond Issue	45,000				
	<u>\$ 304,500</u>				
<u>GRAND TOTAL OF SCHEDULE</u>					
	\$ 93,494,715	\$ 95,987,411	\$ 75,869,762	\$ 65,562,956	\$ 10,308,806

Schedule 9

University of Kentucky
 Schedule of Retirement of Indebtedness Funds
 For the Four Months Ended October 31, 1970

	<u>Estimated</u>	<u>Realized</u>	<u>% Realized</u>
Income:			
Unrestricted funds debt:			
Charged to unrestricted current funds	\$ 5,170,100	\$ 3,107,021	60.1
Investment income from sinking funds	84,721	52,322	61.8
Charges to retirement of indebtedness funds balances	35,686	35,686	100.0
Sub-total	<u>5,290,507</u>	<u>3,195,029</u>	<u>60.4</u>
Housing and dining system debt:			
Charges to housing and dining system current funds	1,560,260	780,189	50.0
Investment income from sinking funds	99,883	49,883	49.9
Sub-total	<u>1,660,143</u>	<u>830,072</u>	<u>50.0</u>
Auxiliary enterprises debt:			
Charges to auxiliary enterprises current funds	188,579	42,116	22.5
	<u>\$ 7,139,229</u>	<u>\$ 4,067,217</u>	<u>57.0</u>
	<u>Appropriated</u>	<u>Expended</u>	<u>% Expended</u>
Debt Service:			
Unrestricted funds debt:			
Consolidated Educational Buildings-Series A	\$ 504,796	\$ 504,311	99.9
Consolidated Educational Buildings-Series B	463,427	462,943	99.9
Consolidated Educational Buildings-Series C	295,021	294,817	99.9
Consolidated Educational Buildings-Series D	2,693,344		
Community Colleges Educational Buildings-Series A	1,088,006		
Community Colleges Educational Buildings-Series B	245,913		
Sub-total	<u>5,290,507</u>	<u>1,262,071</u>	<u>23.9</u>
Housing and Dining System Revenue Bonds-Series A-1	<u>1,660,143</u>	<u>585,072</u>	<u>35.2</u>

University of Kentucky
 Schedule of Retirement of Indebtedness Funds
 For the Four Months Ended October 31, 1970

Schedule 9
 Continued

	Appropriated	Expended	% Expended
Auxiliary enterprises debt :			
Chi Omega	\$ 3,288	\$ 2,912	88.6
Alpha Delta Pi	15,411		
Dorms A-F	39,175	7,087	18.1
Dorms G-L	51,495		
Sigma Phi Epsilon	8,310		
Delta Delta Delta	6,225	5,155	82.8
Alpha Tau Omega	8,430		
Alpha Gamma Rho and Sigma Chi	16,245	7,137	43.9
Student Housing Bonds of 1964	40,000	19,824	49.6
Sub-total	188,579	42,115	22.3
TOTAL RETIREMENT OF INDEBTEDNESS FUNDS	\$7,139,229	\$1,889,258	26.5

Schedule 10

University of Kentucky
Schedule of Sinking Funds
October 31, 1970

University of Kentucky Housing and Dining System Revenue Bond and Interest Sinking Fund Account	\$ 1,681,227
University of Kentucky Housing and Dining System Repair and Maintenance Reserve	764,686
Bowman, Keeneland, Cooperstown, Blazer and Student Union Future Interest Fund	1,179,980
Consolidated Educational Buildings Project Bond and Interest Sinking Fund-Series A	962,662
Consolidated Educational Buildings Project Bond and Interest Sinking Fund-Series B	920,438
Consolidated Educational Buildings Project Bond and Interest Sinking Fund-Series C	286,529
Community Colleges Educational Buildings Project Bond and Interest Sinking Fund-Series A	83,130
Community Colleges Educational Buildings Project Bond and Interest Sinking Fund-Series B	56,099
University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1960	42,189
University of Kentucky Student Housing Building Maintenance and Equipment Reserve Account of 1960	20,101
University of Kentucky Student Housing Bond and Interest Sinking Fund Account of 1964	92,298
Community Colleges Educational Buildings-Series A - Bond and Interest Fund-Escrow Account	120,720
Community Colleges Educational Buildings-Series B-Bond and Interest Fund-Escrow Account	<u>138,670</u>

\$ 6,348,729

TOTAL SINKING FUNDS

Finance Committee Report
December 8, 1970

FCR 2

Members, Board of Trustees:

ACCEPTANCE OF AUDITS FOR THE UNIVERSITY OF
KENTUCKY RESEARCH FOUNDATION, UNIVERSITY OF
KENTUCKY ATHLETIC ASSOCIATION, AND THE FUND
FOR ADVANCEMENT OF EDUCATION AND RESEARCH
IN THE UNIVERSITY OF KENTUCKY MEDICAL CENTER.

Recommendation: that the Board of Trustees accept the financial statements of the University of Kentucky Research Foundation, University of Kentucky Athletic Association, and the Fund for Advancement of Education and Research in the University of Kentucky Medical Center for the fiscal year ended June 30, 1970.

Background: The Finance Committee of the University of Kentucky has reviewed the audit reports of the affiliated corporations of the University as submitted by the firm, Peat, Marwick, Mitchell and Co., and presents them to the Board for its acceptance. These reports will be submitted to the Boards of the above affiliated corporations at their next meeting.

Note: The financial statements are not included in the Minutes but are a part of the official files of the meeting.

Action: Approved X Disapproved _____ Other _____

Date: December 8 , 1970

Finance Committee Report
December 8, 1970

FCR 3

Members, Board of Trustees:

UTILITIES CONSTRUCTION AUTHORIZED

Recommendation: that the Board appropriate \$1,300,000 from General Obligation Bonds for the construction of utilities on the Lexington campus and that the Vice President for Business Affairs be authorized to take the necessary action for the employment of an engineer to design these projects.

Background: That authorization will permit the construction of chilled water lines and electrical service to serve a Multi-Discipline Research Laboratory and the inter-connection of the Medical Center Heating Plant and the Upper Street Heating Plant. The services to the Research Laboratory must be completed for utilization of that building when completed. The chilled water lines and electrical service will be designed to serve other buildings along the route. The inter-connection of the two heating plants will assure interchange of heat service between the two plants should either have a malfunction.

Action: Approved X Disapproved _____ Other _____

Date: December 8 , 1970

FCR 4

Members, Board of Trustees:

PAYMENT AUTHORIZED FOR EXPENSES RELATED TO
SOCIAL SCIENCES BUILDING FIRE

Recommendation: that the Board request the Trustee of the Consolidated Educational Buildings Revenue Bonds of the University of Kentucky to make payment in the amount of \$23,590.00 for expense related to the Social Science Building fire and that the Vice President of Business Affairs be authorized to execute the necessary documents for this payment and necessary related transactions under Section 7.04 of the Resolution creating and establishing a Consolidated Educational Project of the University of Kentucky adopted by the Board of Trustees on September 20, 1960.

Background: The Resolution creating and establishing a Consolidated Educational Buildings Project of the University of Kentucky provides that all insurance monies (except amounts less than \$10,000) be paid to the Trustee. The Trustee must have Board approval for any payments for replacement or repairing. This appropriation replaces equipment lost in the fire in the amount of \$19,245.00 and \$4,345.00 for clearing the site. The balance of the insurance proceeds may be used by the Trustee for defraying a part of the costs of educational building projects under Series "D" of the Consolidated Educational Buildings Revenue Bonds. The insurance coverage on the building and contents was \$123,757.01.

Action: Approved X Disapproved _____ Other _____

Date: December 8 , 1970

FCR 5

Members, Board of Trustees:

AUTHORIZATION FOR BOND TRUSTEE TO INVEST FUNDS

Recommendation: that this Board, pursuant to Section 4.10 of the resolution of the Board adopted May 6, 1969, entitled:

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

direct Second National Bank and Trust Company of Lexington, Trustee of University of Kentucky Community Colleges Educational Buildings Revenue Bonds Series A and B, to invest and reinvest funds held by it pursuant to said resolution and which funds are not needed for immediate distribution in bonds or interest bearing notes of the United States Government. In addition, the said Trustee may invest said funds in Certificates of Deposit of Second National Bank and Trust Company provided that the said Second National Bank and Trust Company pledges bonds or notes of the United States from its own portfolio to fully secure the said Certificates of Deposit.

This authorization may be amended or revoked by this Board at any time by written notice thereof to the said Trustee.

Background: Section 4.10 of the Basic Resolution relating to the University's Community Colleges Educational Buildings Revenue Bonds Series A and B provides that idle funds held by the Trustee may be invested with the approval of the Board. The above resolution provides the necessary approval to enable the Trustee to keep idle funds so invested.

Action: Approved X Disapproved Other

Date: December 8 , 1970

FCR 6

Members, Board of Trustees:

A RESOLUTION Accepting the Successful Bid on \$4,489,000 of University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series B.

WHEREAS, previously \$4,489,000 of University of Kentucky Community Colleges Educational Buildings Revenue Bonds, Series B, dated May 1, 1969, have been authorized and in connection therewith certain action taken by the Executive Committee of the Board of Trustees, which action the Board of Trustees desires to authorize, ratify and approve, and

WHEREAS, pursuant to a resolution adopted on November 17, 1970, by such Executive Committee, a Notice of Sale of Bonds with reference to such bonds has been duly published in The Bond Buyer, New York, New York, on November 24, 1970, and in The Courier-Journal, Louisville, Kentucky, on the same date, and

WHEREAS, there has been distributed to prospective bidders for such bonds an Official Statement of the Board of Trustees relating to such bonds, and an Official Bid Form as to such bonds, and

WHEREAS, the only bid received for such Series B Bonds has been opened and duly considered and is as follows:

<u>Bidder</u>	<u>Interest Rate</u>	<u>Amount of Bid for \$4,489,000 of Bonds Plus Accrued Interest From November 1, 1970.</u>
1. U. S. Commissioner of Education, Washington, D. C. Department of Health, Education and Welfare	3.00%-1971-2009	\$4,489,000

and,

WHEREAS, the matter of which bid is the most advantageous to the Board of Trustees has been sufficiently considered,

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

Section 1. That all action heretofore taken by the Executive Committee of the Board of Trustees of the University of Kentucky with reference to the issuance of such \$4,489,000 of Series B Bonds, and without limiting the generality of the foregoing, all action taken by such Executive Committee at its meeting on November 17, 1970, in adopting a resolution amending the basic resolution by which such bonds are authorized, amending the resolution authorizing such \$4,489,000 of Series B Bonds and authorizing the publication of a Notice of Sale of Bonds, the use of an Official Bid Form and the use of an Official Statement with reference to the sale of such Series B Bonds is hereby authorized, ratified and approved and the publication of such Notice of Sale of Bonds and use of such Official Bid Form and such Official Statement are hereby authorized, ratified and approved.

Section 2. That the bid of the United States Commissioner of Education, Washington, D. C., Department of Health, Education, and Welfare, for the sale of said \$4,489,000 of Series B Bonds, dated May 1, 1969, is hereby determined to be the highest and best bid for such bonds with the lowest average net interest cost and such bid is hereby accepted, the said bid being at a price of \$4,489,000 for all of such bonds plus accrued interest from November 1, 1970, at the rate of 3% per annum. That said Series B Bonds shall bear such interest rate as hereinbefore set forth, such interest to accrue from November 1, 1970.

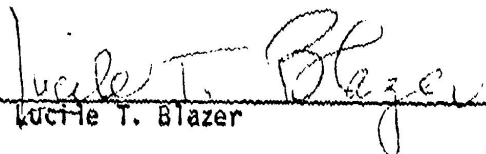
Section 3. That said Series B Bonds shall be delivered to such purchaser by the Treasurer or other proper officials of the Board of Trustees of the University of Kentucky in accordance with the resolution authorizing such bonds upon the payment of the purchase price for same.

Section 4. This resolution shall take effect immediately upon its adoption.

Certificate

I, Lucile T. Blazer, Secretary of the Board of Trustees of the University of Kentucky, certify that the foregoing is a true copy of a resolution which is shown in the minutes of such Board for a meeting held on December 8, 1970, as having been presented to such meeting and having been adopted on such date. I further certify that such resolution is still in full force and effect.

Dated this December _____, 1970.



Lucile T. Blazer

(SEAL)

FCR 7A

Members, Board of Trustees:

INVESTMENT POLICIES - CURRENT FUNDS

Recommendation: that it be the policy of the Board of Trustees of the University of Kentucky:

With respect to investment of available current funds:

- a. That to the maximum practical extent, such funds be invested.
- b. That such funds be invested in fixed income securities.
- c. That the investment objective be to maximize yield consistent with security, liquidity and the period of investment.
- d. That investments be limited to: (1) direct obligations of the United States Treasury; (2) other appropriate securities issued by federal agencies (including the Federal National Mortgage Association, the Export Import Bank, Federal Intermediate Credit Bank, Federal Home Loan Banks, Federal Land Banks); (3) certificates of deposit collateralized by direct obligations of the federal government, federal agency obligations which qualify for direct investment under this recommendation, general obligations of the Commonwealth of Kentucky or obligations of the University of Kentucky.
- e. That the Investment Committee of the Board be authorized to make investments under this policy and make quarterly reports of such investments to the Board.

Background: The proposed policy on investment of available current funds has been revised to exclude commercial paper, bankers acceptances and corporate bonds and requires the collateralization of certificates of deposit issued by banks. The holding in corporate securities will not be liquidated until the maturity date has been reached in the case of currently held commercial paper and bankers acceptances. Presently held corporate bonds in the portfolio will be sold when market conditions warrant such a sale without a loss of principal.

Action: Approved X Disapproved Other

Date: December 8 , 1970

FCR 7
B

Members, Board of Trustees:

INVESTMENT POLICY - ENDOWMENT FUNDS

Recommendation: that it be the policy of the Board of Trustees of the University of Kentucky:

With respect to investment of Endowment Funds:

- a. That the investment objective be to maximize growth of principal and income consistent with annual income requirements of the individual funds of the University Endowment Fund.
- b. That in furtherance of this objective the portfolio of these funds be as diversified as is reasonable and possible considering the value of the principal of these funds.
- c. That the Investment Committee of the Board be authorized to make investments under this policy.
- d. That the ratio of investments in common stock to investments in fixed income securities be determined by the Investment Committee.
- e. That quarterly reports be made to the Board of Trustees on portfolio changes and that semi-annually a portfolio status report be made.

Background: The proposed policy for investment of endowment funds has been revised to reflect a procedural change for making investments a matter that addresses itself to the Investment Committee of the Board of Trustees. The investment ratio of commonstock to fixed income securities will be determined by the Investment Committee to reflect current economic conditions and to assure the greatest growth of principal and income consistent with the investment policy.

Action: Approved X Disapproved _____ Other _____

Date: December 8, 1970

Finance Committee Report
December 8, 1970

FCR 7c

Members, Board of Trustees:

ESTABLISHMENT OF AN INVESTMENT COMMITTEE

Recommendation: That an Investment Committee composed of two members of the Board of Trustees to be appointed by the Chairman of the University of Kentucky Board of Trustees and the Vice President for Business Affairs and Treasurer be established for the purpose of investing funds of the University of Kentucky.

Background: After discussion of the Investment Policies and Procedures of the University of Kentucky with the Finance Committee, a conclusion was reached to establish an investment committee for the purpose of making investments of funds of the University. This committee will be responsible for the investment portfolio of the endowment funds and will have available to it investment counsel who will act in an advisory capacity.

Action: Approved X Disapproved Other

Date: December 8, 1970

Finance Committee Report
December 8, 1970

FCR 7_D

Members, Board of Trustees:

COLLATERALIZATION OF BANK ACCOUNTS

Recommendation: That the regular bank accounts in Lexington, Kentucky of the University of Kentucky be collateralized by securities having a market value equal to the average monthly balance in such accounts and that bank accounts for the Community Colleges and the Agricultural substations be collateralized by securities having a market value up to the total amount of the balance in such accounts in excess of \$20,000.

The securities pledged as collateral shall be limited to direct obligations of the federal government, obligations of agencies of the federal government, general obligations of the Commonwealth of Kentucky and obligations of the University of Kentucky.

Background: The proposed policy change would provide the University an interest in certain pledged obligations as security for its deposits. The differential in treatment accorded those accounts relating to the Community Colleges and Agricultural substations is due to the substantial fluctuation in these accounts. During most of the year these accounts are adequately secured by the F.D.I.C. guarantee of \$20,000. At other times, (i. e. immediately after the collection of tuition) additional security is desirable.

Action: Approved X Disapproved _____ Other _____

Date: December 8 , 1970

Finance Committee Report
December 8, 1970

FCR 7_E

Members, Board of Trustees:

ADVISORY SERVICES FOR INVESTMENT OF ENDOWMENT FUNDS

Recommendation: that the Vice President for Business Affairs and Treasurer be authorized to enter into a contract with the Kentucky Trust Company, Louisville, Kentucky for advisory services for the investment of endowment funds of the University.

Background: The Finance Committee evaluated proposals from other advisory firms in the State of Kentucky for the investment of endowment funds of the University. After evaluating the various proposals, the Finance Committee recommends that a contract be entered into with the Kentucky Trust Company.

Action: Approved X Disapproved Other

Date: December 8 , 1970

FCR 8

Members, Board of Trustees:

LEXINGTON BANKS DESIGNATED AS DEPOSITORIES

Recommendation: that the Board of Trustees authorize the following Lexington banks to continue as depositories for the University of Kentucky and affiliated corporation funds for the period January 1, 1971 through June 30, 1971 or until a recommendation from the Finance Committee is received and acted upon.

University of Kentucky Funds	First Security National Bank and Trust Company
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University of Kentucky Research Foundation	Bank of Commerce
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The Fund for Advancement of Education and Research in the University of Kentucky Medical Center	Second National Bank and Trust Company
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University of Kentucky Athletic Association	Central Bank and Trust Company
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and further recommends that Citizens Union National Bank and Trust Company, Lexington, Kentucky be designated as the depository for the Tobacco Research Board impress cash fund.

Background: This action recommends that the present depository accounts of the University and its affiliated corporations be continued through June 30, 1971. The Finance Committee is making an analysis of the depository requirements of the University and will make a recommendation within the next six months. The University has received an impress cash advance for the fiscal operation of the Tobacco Research Board. Authorization is necessary to establish a bank as a depository.

Action: Approved X Disapproved _____ Other _____

Date: December 8 , 1970