

December 8, 1958

A meeting of the Board of Regents of Morehead State College was held in the Conference Room of the Administration Building, on the College Campus, December 8, 1958. The following members were present:

Dr. W. H. Cartmell
Mr. Alex Chamberlain
Mr. Charles Gilley
Dr. Robert R. Martin

Mrs. Reba Shannon

Absent: Mr. B. F. Reed
Mr. Bruce Walters

On motion of Mrs. Shannon, seconded by Mr. Chamberlain, and unanimously carried, reading of the minutes of the meeting held September 12, 1958 was dispensed with and approved as they had been distributed to members.

President Doran presented his report to the Board for the period, September 12, 1958, to December 8, 1958, with certain recommendations for Board action, as follows:

MOREHEAD STATE COLLEGE
Morehead, Kentucky
December 8, 1958

Board of Regents
Morehead State College
Morehead, Kentucky

Gentlemen:

I am submitting herewith my report on the operation of the College for the period, September 12, 1958, to December 8, 1958, with certain recommendations for Board action:

1. 201-room Men's Dormitory:

The contract to build the dormitory has been awarded to Steilberg Construction Company, at an amount of \$909,600. The contract calls for the

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job to be finished in 365 days. We should begin construction by January 1, 1959.

2. 100 Units of Married Housing:

Preliminary approval has been granted and a reservation of funds made by the Housing and Home Finance Agency in the amount of \$900,000 for the construction of 100 units of student housing. Final plans must be developed and application filed by December 16, 1958. Mr. James Clark, Architect, has completed Phase A of the contract made with the Division of Engineering, and has been authorized to proceed with Phase B of the plans.

3. Staff Changes:

1. Dr. Fenton West, Head of the Division of Science and Mathematics, died on November 9, 1958. I recommend that Dr. W. B. Owsley be named to succeed Dr. West as Head of the Division, at an annual salary of \$7800, beginning December 1, 1958.

2. I recommend that the resignation of Mr. Paul Adams, Head Football Coach, be accepted effective at the close of the present school year.

4. Sheep and Swine Projects:

A Memorandum of Agreement has been signed between Morehead State College and the Kentucky Department of Economic Development for a research project in Sheep and Swine. The Department of Economic Development has granted the College \$2500 for the purpose of conducting this project.

5. 1958 Fall Enrollment:

We now have an enrollment of 1824 regularly enrolled students for the fall term. In addition to this, we have 258 students enrolled in off-campus study centers.

6. Football Financial Report:

Summary of Football Costs and Income
Fiscal Year, 1958-59

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EXPENSES:

*Fees and room rent first semester	2,819.25
Fees and room rent second semester	2,819.25
Meals September 1 to Registration	1,830.00
Meals for first and second semester	11,500.00
Books for first and second semester	800.00
Officials salaries, ushers and ticket sellers	698.16
Guarantees	4,800.00
Supplies and Equipment	2,200.00
Travel	3,032.56
Medical Expenses and Insurance	<u>2,000.00</u>

TOTAL EXPENSES:

32,499.22

INCOME:

Gate Receipts	2,186.00
Guarantees	4,750.00
**Student Activity Fee (1450 Students)	<u>4,350.00</u>

TOTAL INCOME:

11,286.00

NET LOSS:

21,213.22

*35 full scholarships

**Distribution of activity fees as follows:

<u>First Semester</u>		<u>Second Semester</u>	
Football	3.00	Basketball	3.00
Trail Blazer	.50	Trail Blazer	.50
Swimming	<u>1.00</u>	Swimming	<u>1.00</u>
	4.50		4.50

9. Library Renovations:

The Art Department has been moved from the Library to new quarters in the basement of Allie Young Hall. We have \$11,300 left out of the original \$250,000 allotment for renovation which will be used to convert the space occupied by the Art Department into space for library use.

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10. The Continental Classroom:

AJAV701
The American Association of Colleges for Teacher Education and the National Broadcasting Company are sponsoring a television program in Atomic Physics. The class is taught by Dr. Harvey White, Chairman of the Department of Physics of the University of California and is televised at 6"30 A. M., (EST). We are cooperating in this project and have 13 students enrolled, 12 teachers and 1 high school student. The students are science teachers in the region covered by Station WSAZ, and receive 3 semester hours of credit each semester of the school year. Both graduate and undergraduate credits are given. The students come to the campus on Saturdays at intervals for seminar.

11. Summer Science Institute:

The National Science Foundation has granted Morehead State College the sum of \$55, 700 to conduct a Summer Institute for High School Teachers of Science and Mathematics for the 8-weeks period, beginning June 15, 1959.

12. Auditor's Report. See Exhibit:

13. Quarterly Financial Report. See Exhibit:

Respectfully submitted,

/s/ Adron Doran
President

Minutes of December 8, 1958 continued -

On motion of Mr. Charles Gilley, seconded by Mrs. Reba Shannon, all members present voting aye, the Loan Agreement, dated November 1, 1958, between the Board of Regents of Morehead State College, acting for and on behalf of Morehead State College and the United States of America, was approved, and President Adron Doran was authorized to execute the Loan Agreement on behalf of the Board of Regents. (The Loan Agreement begins on Page 24A and ends on page

Mr. Clark presented his detailed plans for the 100 units of Married Housing to the Board. He explained that the plans call for 84 studio apartments, eight 1-bedroom apartments, and eight 2-bedroom duplexes. Mr. Clark estimated that the cost for this project would amount to \$661,903.00, an average of \$6,619.00 per unit. After considerable deliberation on the matter, Dr. Cartmell moved, and Mrs. Shannon seconded the motion, and the Board voted unanimously that Dr. Doran be granted full authority to negotiate with the Housing and Home Finance Agency and the Commonwealth of Kentucky in consummating final plans and awarding contract for the 100 Units of Married Housing.

President Doran reported to the Board the recent death of Dr. Fenton West, Head of the Division of Science and Mathematics, and recommended that Dr. W. B. Owsley be named to succeed Dr. West, his salary to be changed from \$7400.00 to \$7800.00, effective December 1, 1958. On motion of Mrs. Shannon, seconded by Mr. Chamberlain, the Board unanimously approved Dr. Doran's recommendation that Dr. W. B. Owsley be named as Head of the Division of Science and Mathematics, under the conditions as outlined by the president.

Dr. Doran recommended that the resignation of Mr. Paul Adams, Head Football Coach, be accepted effective at the close of the present school year, which resignation was duly accepted.

The president explained to the Board the importance of securing capital construction funds for the next biennium for the construction of buildings badly needed on the campus. Dr. Doran stated that the college was in dire need of a larger and better equipped Home Management House, as well as a Maintenance Building and a classroom building. He also stated he believed that the plans for plant expansion should be presented to the Department of Finance this year and that funds for constructing these facilities should be included in the appropriations to the college for the 1960-62 biennium. Dr. Doran pointed out that under the present method of financing capital construction, the college is always at least two years behind in securing funds to meet its building needs. After serious consideration by the Board, Mr. Gilley moved and Mrs. Shannon seconded the motion that the following resolution be adopted. The motion carried unanimously.

(See top of page 25 -- following attached Loan Agreement for Resolution)

24-A =

Project No. Ky. 15-CH-28 (D)
Morehead State College
Morehead, Kentucky
Contract No. H-302-271

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of November 1, 1958, by and between the Board of Regents of Morehead State College acting for and on behalf of Morehead State College, a public educational institution of higher learning, located in Morehead, Kentucky (herein called the "Borrower") and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the Terms and Conditions (dated 8-56), attached hereto and made a part hereof, and the provisions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$1,150,000 aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator estimates will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$1,150,000) hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation: Morehead State College Dormitory Bonds of 1958.
- (b) Date: November 1, 1958.
- (c) Principal Amount: \$1,150,000, being all of an authorized issue of such Bonds.
- (d) Denomination: \$1,000; however, until such time as the purchaser or purchasers of the Bonds request(s) the preparation of the definitive Bonds, a single Bond or Bonds shall be issued in an amount equal to the Bonds contracted for by said purchaser or purchasers.
- (e) Type: Negotiable, serial, coupon Bonds, payable to bearer.
- (f) Interest: 3 Percent per annum, payable semi-annually on May 1 and November 1 in each year, first interest payable May 1, 1959.
- (g) Maturities: November 1, in years and amounts as follow:

<u>Year(s)</u>	<u>Principal Amount</u>	<u>Year(s)</u>	<u>Principal Amount</u>
1961-62	\$17,000	1983	\$32,000
1963-64	18,000	1984	33,000
1965-66	19,000	1985	34,000
1967-68	20,000	1986	35,000
1969	21,000	1987	36,000
1970-71	22,000	1988	37,000
1972	23,000	1989	38,000
1973-74	24,000	1990	39,000
1975	25,000	1991	40,000
1976	26,000	1992	42,000
1977	27,000	1993	43,000
1978-79	28,000	1994	44,000
1980	29,000	1995	46,000
1981	30,000	1996	47,000
1982	31,000	1997-98	48,000

- (h) Numbers: 1 to 1150 inclusive, in order of maturity.

- (i) Security: Special obligation of the Borrower, secured by:
- (1) A first lien on and a pledge of the gross revenues to be derived from the operation of the Project; and
 - (2) A statutory mortgage on the Project dormitory as permitted and defined by the applicable statutes; and
 - (3) A pledge of \$25 of the Incidental Fee assessed each student occupant of the Project Dormitory for each semester of the regular term of two semesters and of \$12.50 of the Incidental Fee assessed each occupant of the Project Dormitory for the regular summer session, so long as any of the Bonds are outstanding. These fees shall be deemed to be revenues of the Project Dormitory.
- (j) Place and Medium of Payment: Payable as to both principal and interest at the principal office of the Trustee to be designated in the Bond Resolution or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for the payment of debts due the United States of America.
- (k) Registerability: Registerable, at the option of the holder, as to principal only.
- (l) Redemption Provisions: Bonds numbered 1 through 148 inclusive, maturing November 1, 1961 through November 1, 1968 inclusive, to be non-callable. Bonds numbered 149 through 917 inclusive, maturing November 1, 1969 through November 1, 1993 inclusive, to be callable at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after November 1, 1968 upon at least thirty (30) days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:
- | | |
|-------------------|---|
| 3% | if redeemed May 1, 1969 through Nov. 1, 1973, incl. |
| 2 $\frac{1}{2}$ % | " " " " 1974 " " " 1978 " |
| 2% | " " " " 1979 " " " 1983 " |
| 1 $\frac{1}{2}$ % | " " " " 1984 " " " 1988 " |
| 1% | " " after November 1, 1988 |

Bonds 918 through 1150 inclusive, maturing November 1, 1994 through November 1, 1998 inclusive, to be callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty (30) days' prior notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to Bonds numbered 918 through 1150 inclusive over Bonds numbered 1149 through 917 inclusive.

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

- For (1) all maturities in the years 1961 through 1968,
- (2) all maturities in the years 1969 through 1978,
- (3) all maturities in the years 1979 through 1988,
- (4) all maturities in the years 1989 through 1998, and
- (5) the entire issue,

In the event any of the Bonds are awarded to the Government, the Borrower shall, when they are ready, deliver all such Bonds to the Government at such time as the Government shall designate.

The Government will submit its bid for the Bonds and such bid will be for all of the Bonds at their par value, plus accrued interest, at the rate of three per centum (3%) per annum on all or any one or more of the above Blocks of Bonds. In the event any other bidder or bidders offer to purchase all the Bonds, or any portion of the Bonds in Blocks as specified at an interest cost of not more than three percentum (3%) per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. In the event of a sale of all the Bonds to a purchaser or purchasers other than the Government, this Agreement shall terminate except with respect to obligations hereunder between the

Borrower and the Government as of the date of such sale of the Bonds. In the event any of the Bonds are awarded to the Government, it is agreed that the obligations hereunder shall continue in the same manner as if all the Bonds were sold to the Government. In the event no bid is received from a bidder or bidders other than the Government within the terms herein specified, all the Bonds shall be sold to the Government. It is agreed and understood that so long as the Government owns any of such Bonds it will waive (1) the non-callable provisions; (2) the specified premiums for redemption and (3) the publication of call applicable thereto.

In the event the Government is awarded all or part of the Bonds, to the extent authorized by law, the Borrower, at the option of the purchaser(s), shall issue single Bonds with face values in the amount of the respective purchases in lieu of individual denominations Bonds. Such single Bonds shall be non-negotiable, registered as to principal and interest and payable as directed by the purchasers, but otherwise complying with the description set forth in Section 2 hereof. The Borrower covenants that if such a single Bond is issued, it shall, upon request of the holder of a single Bond, issue at its own expense and within 90 days from the date of such request, negotiable bearer coupon Bonds in denominations of \$1,000, as described in Section 2 hereof, in aggregate amount equal to the amount of the single Bond still outstanding. The printing of text of single Bonds shall be of type composition on paper of sufficient weight and strength to prevent deterioration throughout the life of the loan. The Bonds shall conform in size to standard practice and contain the approved maturity schedule for payment of principal.

Section 4. Description of Project. The Project shall consist of a dormitory with appurtenant facilities to house approximately 402 men students and counselor's apartment (herein called the "Project").

Section 5. Audit and Inspection Expenses. The amount of the fixed fee for the audit and inspection expenses referred to in Section 36 of the attached Terms and Conditions shall be \$5,250.

Section 6. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is subject to the following special conditions:

- (a) The Borrower covenants and agrees that, as soon as any portion of the Project becomes revenue-producing, all rentals, charges, income and revenues and pledged incidental fees arising from the operation or ownership of the Project, shall be deposited to the credit of a special account, to be known as the "Dormitory Revenue Fund Account" and held in the custody of the Treasurer of the Borrower, separate and apart from all other accounts. Such Dormitory Revenue Fund Account shall be maintained so long as any of the Bonds are outstanding and the funds therein shall be used by the Treasurer only in the manner and order specified in (b), (c), (d), and (e) in the manner and order permitted and defined by applicable Statutes.
- (b) The Borrower shall establish with the Trustee to be designated in the Bond Resolution and maintain so long as any of the Bonds are outstanding, a separate account or accounts (herein collectively called the "Bond and Interest Sinking Fund Account") into which shall be deposited all accrued interest received from the sale of the Bonds. Thereafter, as soon as any portion of the Project becomes revenue-producing, the Borrower shall transfer from the Dormitory Revenue Fund Account and deposit to the credit of the Bond and Interest Sinking Fund Account, on or before each April 15 and October 15, \$33,000 until the funds and/or investments therein are sufficient to meet debt service requirements on the outstanding

Bonds for the then current year, plus a debt service reserve in the sum of \$103,000 and, thereafter, on or before each April 15 and October 15, such sums from said sources as may be necessary to meet the then current year's debt service and maintain the debt service reserve in the sum of \$103,000.

- (c) After making provision for the deposits required under section (b) above, Current Expenses of the Project shall be payable from the Dormitory Revenue Fund Account as the same become due and payable. Current Expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation of the Project, but shall exclude depreciation, all general administrative expenses of the Borrower and the payment into the "Building Maintenance and Equipment Reserve Account" hereinafter provided for.
- (d) As soon as the required reserve is accumulated in the Bond and Interest Sinking Fund Account, the Borrower shall establish with the Trustee a separate account called the "Building Maintenance and Equipment Reserve Account" into which shall be deposited from the Dormitory Revenue Fund Account, on or before the close of each fiscal year \$10,000 annually until the funds and/or investments in the Account shall aggregate \$60,000 and thereafter such sums, but not more than \$10,000 annually, as may be required to restore and maintain the balance of \$60,000. All monies in the Building Maintenance and Equipment Reserve Account may be drawn on and used by the Borrower for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of Project operation. However, in the event the funds in the Bond and Interest Sinking Fund Account should be reduced below the debt service reserve of \$103,000 on the outstanding Bonds, funds on deposit in the Building Maintenance and Equipment Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account to the extent required to eliminate the deficiency in that Account.

- (e) Subject to making the foregoing maximum deposits, the Borrower may use the balance of excess funds in the Dormitory Revenue Fund Account at the close of each school term to redeem outstanding Bonds on the next interest payment date, in inverse numerical order and in amounts of not less than \$5,000 par value at one time, or for any expenditures, including the payment of debt service, in improving or restoring any existing housing and dining facilities or for providing any such additional facilities, or for any lawful purpose.
- (f) Further, the provisions of Paragraph 19 of the Terms and Conditions, attached hereto, are stricken and the following substituted in lieu thereof:

"The Borrower shall require that all its contractors comply with all applicable state and local laws or ordinances pertaining to the hours of work per day."

IN WITNESS WHEREOF, this Agreement has been executed in the name and on behalf of the United States of America, Housing and Home Finance Administrator, through the Community Facilities Commissioner, by the undersigned Regional Administrator, and in the name of the Board of Regents of Morehead State College acting for and on behalf of Morehead State College by the undersigned President, and under its official seal, attested by its Secretary.

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

By [Signature]
~~Acting~~ Regional Administrator

DEC 23 1958

BOARD OF REGENTS OF MOREHEAD STATE
COLLEGE ACTING FOR AND ON BEHALF OF
MOREHEAD STATE COLLEGE

By [Signature]
President
(Title)

(SEAL)

ATTEST:

[Signature]
Secretary to Board of Regents
(Title)

HOUSING AND HOME FINANCE AGENCY
Community Facilities Administration

TERMS AND CONDITIONS

Constituting Part of the Loan Agreement Providing
for the Financing and Construction of College
Housing and Service Facilities Under Title
IV of the Housing Act of 1950 (Public
Law 475, 81st Congress, as amended)

Section 1. Definitions. As used in these Terms and Conditions: "Government" means the United States of America generally, and specifically the Housing and Home Finance Agency or its successor to the powers exercisable under Title IV of the Housing Act of 1950, as amended; "Administrator" means the Housing and Home Finance Administrator, or his successor, or the Community Facilities Commissioner or such other person as may be duly authorized to act in said capacity; "Project" means the structure or structures which the Government has agreed to aid in financing under the Loan Agreement; "Loan Agreement" means the contract between the Government and the Borrower pertaining to the Government's loan for the Project and includes both these Terms and Conditions and the contract instrument or instruments of which these Terms and Conditions constitute a part; "Borrower" means the educational institution designated in the Loan Agreement; "Bonds" mean the Bonds which the Government agrees to purchase under the Loan Agreement; and "Costs of the development of the Project" means the cost of construction work at the Project site, cost of necessary architectural/engineering services, cost of providing the necessary fixed equipment, legal, administrative and clerical costs, cost of land acquisition, necessary travel expenses, Government audit and inspection costs, interest during construction, and other necessary miscellaneous expenses as determined by the Administrator.

Section 2. Prerequisites to Government's Obligations. The Government shall be under no obligation to the Borrower, under the Loan Agreement, to disburse any funds thereunder, if:

- (a) Representations. Any representation made by the Borrower in its loan application or any supplement thereto or amendment thereof, or in any document submitted to the Government in connection with such application or loan, shall be incorrect or incomplete in any material respect, or the Administrator determines that the Borrower has failed to proceed promptly with Project financing or construction;
- (b) Financial Condition. The financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government;

- (c) Concurrence by Government. The Borrower, having submitted to the Government the documents mentioned in Section 14 hereof, shall have proceeded without having been advised by the Administrator or his duly authorized representative that the same are satisfactory and in compliance with the provisions hereof; it being the purpose of this provision to insure that no action will be taken in the development of the Project which would result in a legal or contractual violation rendering it impossible for the Government to make the loan hereunder or for the parties to accomplish the objects of the Loan Agreement.

Section 3. Furnishings and Moveable Equipment. The Borrower shall, on or before substantial completion of the Project, provide from sources other than the loan hereunder, and from sources and in a manner which will not jeopardize the security of the Bonds, the furnishings and moveable equipment necessary to the full enjoyment of the use, occupancy and operation of the Project.

Section 4. Project Site. The Project shall be located on lands of the Borrower, at a site to be approved by the Government.

Section 5. Title Evidence. The Borrower shall furnish the Government satisfactory evidence of its ownership of the Project site.

Section 6. Payment of Bonds. The Borrower shall promptly initiate and prosecute to completion all proceedings necessary to the authorization, issuance, and sale of the Bonds and to the security thereof. When the said proceedings have been completed to the point of but not including the delivery of the Bonds to the Government, the Borrower may file a requisition requesting the Government to take up and pay for the Bonds. The requisition shall be supported by a signed certificate of purposes in which must appear in reasonable detail the purposes for which the proceeds of the Bonds covered by the requisition are to be used, and by such additional data as the Administrator shall require in order to determine whether it is obligated under the provisions of the applicable Loan Agreement to honor such requisition. If the Government is so obligated, it will promptly take up and pay for the Bonds covered by such requisition, within the limitations, however, specified in the Loan Agreement.

Section 7. Opinion of Bond Counsel. Simultaneously with the delivery of any of the Bonds to the Government, the Borrower shall furnish the Government the approving opinion of bond counsel of recognized standing in the financial markets of the United States, as determined by the Administrator, and covering generally all of the Bonds and, specifically and unqualifiedly, the Bonds then being delivered to the Government.

Section 8. Construction Account. The Borrower shall set up in a bank or banks which are members of the Federal Deposit Insurance Corporation, or with the fiscal agency of the Borrower fixed by law, a separate account or accounts (herein collectively called the "Construction Account") into which shall be deposited the proceeds from any temporary loans and the proceeds from the sale of the Bonds (except accrued interest payments) and the additional funds, if any,

required by the provisions of the applicable Loan Agreement to be furnished by the Borrower in order to assure the payment of all costs of the development of the Project. Moneys in the Construction Account shall be expended only for such purposes as shall have been previously specified in a signed certificate of purposes filed with and approved by the Administrator.

Where the Moneys on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the next 90 days (3 months), the Borrower may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than three (3) years after the date of such investment.

Any Moneys remaining in the Construction Account after all costs of the Project have been paid shall be promptly used for the redemption of Bonds: Provided, however, that any of such funds in an amount less than \$1,000 shall be deposited in the Bond and Interest Sinking Fund Account.

Section 9. Payment of Costs - Additional Funds. The Borrower shall pay all costs of the development of the Project, and furnish from sources other than the Government, and from sources and in a manner which will not jeopardize the security of the Bonds, the additional funds, if any, which will be sufficient to finance the total development costs of the Project. Such additional funds, if any are required, shall be deposited into the Construction Account by the Borrower on its own initiative, and, in any event, promptly upon the request of the Government.

Section 10. Legal Matters. The Borrower shall furnish the Government a transcript of proceedings for the authorization, issuance, sale and security of the Bonds showing to the satisfaction of Counsel for the Government that the Bonds, when delivered and paid for, will constitute binding and legal obligations, payable and secured in accordance with their tenor, and that all proceedings for the financing and the acquisition, construction and development of the Project preliminary to the delivery of the Bonds to the Government have been had and adopted in due time, form, and manner as required by law.

Section 11. Security. The Borrower shall include in the proceedings for the authorization, issuance, sale, and security of the Bonds, provisions for the payment of the principal of and interest on the Bonds and for the security thereof of the nature required to assure such payment and to safeguard the loan hereunder, including, in case the Bonds are payable in whole or in part from any special sources of revenues, provisions designed to assure the production of such revenues and the application thereof to the extent required for the payment and security of the Bonds and interest thereon, including the maintenance of reasonable reserves.

Section 12. Approvals and Permits. The Borrower shall obtain all approvals and permits required by law as a condition precedent to the acquisition, construction, development, and operation of the Project.

Section 13. Supervision and Inspection. The Borrower shall provide and maintain on its own behalf competent and adequate architectural or engineering services covering the supervision and inspection of the development and construction of the Project.

Section 14. Submission of Proceedings, Contract and other Documents. The Borrower, unless otherwise instructed by the Government, shall submit to the Government:

- (a) three copies of the proposed resolutions or ordinances for the authorization and issuance of the Bonds, including any supplements or amendments thereto, prior to the adoption or enactment of any such resolutions or ordinances;
- (b) two copies of all proposed contracts and proposed contract documents relating to the Project, prior to the invitation of bids thereon;
- (c) a written statement concerning the proposed execution or award of each contract relating to the Project, before such execution and before the award thereof is approved;
- (d) all proposed wage rates to be established by the Borrower pursuant to the provisions of Section 18 hereof, before such wage rates are put into effect;
- (e) two sets of executed contract documents relating to the Project and three sets of conformed copies thereof, before any work, service, material or equipment is performed or furnished thereunder;
- (f) a written statement concerning the proposed assignment of any interest in or part of any contract relating to the Project, before an assignment thereof is approved;
- (g) a written statement concerning each proposed amendment, or proposed extra, change, or additional work order intended to affect any contract relating to the Project, before such amendment, or extra, change, or additional work order is executed or issued;
- (h) such other data, reports, records, and documents relating to the construction and operation of the Project as the Government may require.

Section 15. Construction by Contract. All work on the Project shall be done under contract and every opportunity shall be given for free, open, and competitive bidding for each and every construction, material, and equipment contract. The Borrower shall give such publicity by advertisements or calls for bids by it for the furnishing to it of work, labor, materials, and equipment as will provide adequate competition; and the award of each contract therefor shall be made to the lowest responsible bidder as soon as practicable: Provided, That in the selection of equipment or materials the Borrower may, in the interest of standardization or ultimate economy, if the advantage of such standardization or such ultimate economy is clearly evident, award a contract to a responsible bidder other than the lowest in price.

Section 16. Contract Security. The Borrower shall require that each construction contractor shall furnish a bond in an amount at least equal to 100 percent of his contract price as security for the faithful performance of his contract and for the payment of all persons performing labor and furnishing materials in connection therewith: Provided, That if applicable State law requires a separate bond for the protection of laborers and materialmen, the Borrower will require that each such contractor shall furnish a bond in the amount above stated for the faithful performance of his contract and a separate bond in an amount required by applicable State law but in no event less than 50 percent of his contract price for the payment of all persons performing labor and furnishing materials in connection with his contract.

Section 17. Contractors' Insurance.

A. The Borrower shall require that each of its construction contractors shall maintain, during the life of his contract, insurance as follows:

1. Compensation Insurance. Workman's Compensation and Employees Liability Insurance as required by applicable State or territorial law for all of such contractors' employees who will be engaged in work at the site of the Project and, if any part of such contractors' contract is sublet, the contractor shall require each subcontractor to maintain such insurance for all of the subcontractor's employees who will be so engaged unless the subcontractor's employees are protected by the principal contractor's insurance.
2. Liability Insurance. Public Liability and Property Damage Insurance in amounts deemed adequate by the Administrator for bodily injury and/or death, and for property damage, to protect such contractor from claims for damages for personal injury and/or death and damage to property of others which may arise from any operations under his contract whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them; and on any part of the work which is sublet, the contractor shall require each subcontractor to maintain like insurance unless the subcontractor is covered by the contractor's Public Liability Insurance policy.
3. Proof of Carriage of Insurance. The contractor shall furnish the Borrower (owner) with certificates showing the type, amounts, class of operations covered, effective dates and dates of expiration of his insurance policies. Such certificates shall also contain substantially the following statement "The insurance covered by this certificate will not be cancelled or materially altered except after ten days written notice has been received by the owner".

B. At the option of the Borrower, the following insurance may be provided by the Borrower or its contractor:

1. Builders Risk Fire and Extended Coverage. Fire and Extended Coverage Insurance to protect the Borrower and the contractor and subcontractors against loss caused by the perils insured against in the amount of 100% of the insurable value of the Project

including items of labor and materials in place or to be used as part of the permanent structure including surplus materials, temporary structures, and miscellaneous materials and supplies incident to the work.

Such insurance shall be maintained in full force and effect until the Project is accepted by the Borrower from its contractor. In the event the Borrower elects to provide such insurance, the bidding documents shall contain a notice to the bidders of such fact and that the cost of Fire and Extended Coverage Insurance shall be excluded from their respective contract bids.

If the Project is partially occupied prior to acceptance from the contractor, the Borrower shall obtain assurances of coverage during such period; and also obtain consent of the surety company to such prior occupancy.

Section 18. Wage Rates. The Borrower shall require all of its contractors engaged in work on the Project to comply with any applicable State law governing the payment of minimum rates of pay to workmen employed on the Project. In the absence of any such State law, the Borrower shall compile, and submit to the Administrator for his approval, a list of prevailing rates of pay for all laborers and mechanics to be employed on the construction of the Project (which list shall be based upon the wage rates prevailing for the same classes of laborers and mechanics employed in construction activities, similar in character to the Project in the area in which the Project is to be constructed). Upon obtaining the Administrator's approval of any such proposed minimum wage rates, or the rates required by applicable State law, the Borrower will include such list in all contracts calling for work on the Project and require adherence thereto. The Borrower shall also require of its contractor that all such lists shall be posted at appropriate conspicuous points on the site of the Project. Unless otherwise required by law, wage rates need not be listed for non-manual workers, including executive, supervisory, administrative and clerical employees.

Section 19. Computation of Wages on 8-Hour Day. The Borrower shall require of its contractors (a) that the wages of every laborer and mechanic engaged in work on the Project shall be computed on a basic day rate of eight hours per day, eight hours of continuous employment, except for lunch periods, constituting a day's work; and (b) that work in excess of eight hours per day shall be permitted upon compensation at one and one-half times the basic rate of pay for all hours worked in excess of eight hours on any one day.

Section 20. Payment of Employees. The Borrower shall require of its contractors that all employees engaged in work on the Project be paid in full (less deductions made mandatory by law) not less often than once each week.

Section 21. Wage Underpayments and Adjustments. The Borrower shall require of each of its contractors that, in cases of underpayment of wages by the contractor, the Borrower may withhold from such contractor out of payments due, an amount sufficient to pay workers employed on the work covered by his contract the

difference between the wages required to be paid under the contract and the wages actually paid such workers for the total number of hours worked and may disburse such amounts so withheld by it for and on account of the contractor to the respective employees to whom they are due.

Section 22. Accident Prevention. The Borrower shall require of its contractors that precaution shall be exercised at all times for the protection of persons (including employees) and property, and that hazardous conditions be guarded against or eliminated.

Section 23. Audit and Inspection. The Borrower shall require of its contractors that the Administrator, or his authorized representatives, be permitted, and it will itself permit them to inspect all work, materials, payrolls, records of personnel, invoices of materials and other relevant data and records appertaining to the development of the Project; and shall permit the Government to audit the books, records, and accounts of the Borrower appertaining to the loan and the development of the Project. The Borrower shall cause to be provided and maintained during the construction of the Project adequate facilities at the site thereof for the use of the Administrator's representatives assigned to the Project.

Section 24. Reports, Records and Data. The Borrower shall submit, and shall require each contractor and subcontractor on the Project to submit, to the Government such schedules of quantities and costs, progress schedules, payrolls, reports, estimates, records and miscellaneous data as may be required under applicable Federal Statutes or rules and regulations promulgated thereunder.

Section 25. Payments to Contractors. Not later than the fifteenth day of each calendar month the Borrower shall make a partial payment to each construction contractor on the basis of a duly certified and approved estimate of the work performed during the preceding calendar month by the particular contractor, but shall retain until final completion and acceptance of all work covered by the particular contract a reasonable amount, specified in the contract, sufficient to insure the proper performance of the contract.

Section 26. Convict Made and Foreign Materials. The Borrower shall require of its contractors that (a) no materials manufactured or produced in a penal or correctional institution be incorporated into the Project; and (b) that only such unmanufactured articles, materials, or supplies as have been mined or produced in the United States of America, and only such manufactured articles, materials, or supplies as have been manufactured in the United States of America, substantially all from articles, materials or supplies mined, produced, or manufactured, as the case may be, in the United States of America, shall be employed in the construction of the Project. Exceptions to the foregoing shall be made only through a change in the contract covering such exception.

Section 27. Kick-back Statute. The so-called Kick-back Statute, Public Law No. 324, 73rd Congress, approved June 13, 1934 (48 Stat. 1948), and the regulations issued pursuant thereto, are a part of these Terms and Conditions, and the Borrower shall comply, and require each of its contractors employed in the construction, prosecution, or completion of the Project to comply therewith, and to cause his subcontractors to do likewise.

Section 28. Retention of Title. So long as the Government holds any of the Bonds, the Borrower shall not dispose of its title to the Project or to any facility the revenues of which are pledged as security for the Bonds, or to any useful part thereof, including any facility necessary to the operation and use thereof, and the lands and interests in lands comprising their sites, except as permitted in the Loan Agreement and the bond authorizing proceedings.

Section 29. Signs. The Borrower shall cause to be erected at the site of the Project signs, identifying the Project, and indicating the fact that the Government is participating in the development of the Project.

Section 30. Interest of Third Parties. The Loan Agreement is not for the benefit of third parties, including the holders from time to time of any of the Bonds, and the Government shall be under no obligation to any such parties, whether or not indirectly interested in said Agreement, to pay any charges or expenses incident to compliance by the Borrower with any of its duties or obligations thereunder.

Section 31. Bonus or Commission. By execution of the Loan Agreement the Borrower represents that it has not paid and, also, agrees not to pay, any bonus, commission, or fee for the purpose of obtaining an approval of its application for the loan hereunder.

Section 32. Insurance on Completed Project.

A. Fire and Extended Coverage. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on the Project, and upon receipt of funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on any other of its buildings, the revenues of which are pledged to the security of the loan hereunder. The foregoing Fire and Extended Coverage Insurance shall be maintained so long as any of the Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed 80 per centum (80%) of the full insurable value of the damaged building.

Where a Trustee is to be or has been designated in connection with the bond issue, each such insurance policy shall be acceptable to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

In the event of any damage to or destruction of any of said building or buildings, the Borrower shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof, or retire the outstanding Bonds.

B. Boiler Insurance. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Boiler Insurance covering any steam boilers servicing the Project, in a minimum amount of \$50,000.00.

- C. Liability Insurance. Upon receipt of any funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Public Liability Insurance with limits of not less than \$50,000.00 for one person and \$100,000.00 for more than one person involved in one accident to protect the Borrower from claims for bodily injury and/or death which may arise from the Borrower's operations, including any use or occupancy of its grounds, structures and vehicles.

Section 33. Use and Occupancy Insurance. Immediately upon occupancy of any portion of the Project and so long thereafter as the funds and investments of the "Bond and Interest Sinking Fund Account" (which Account is to be maintained by the provisions of the Loan Agreement) are less than the maximum debt service reserve required by said provisions of the Loan Agreement, the Borrower shall procure and maintain Use and Occupancy Insurance on each building, the revenues of which are pledged to payment of the Bonds, in an amount sufficient to enable the Borrower to deposit in the Bond and Interest Sinking Fund Account, out of the proceeds of such insurance, an amount equal to the sum that would normally have been available for deposit in such Account from the revenues of the damaged building during the time the damaged building is non-revenue producing as a result of loss of use caused by the perils covered by Fire and Extended Coverage Insurance. Where a Trustee is to be or has been designated in connection with the bond issue, each such insurance policy shall be acceptable to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee as its interest may appear.

Section 34. Interest of Members of or Delegates to Congress. No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

Section 35. Prompt Procedure - Economic Construction. The Borrower covenants and agrees that it will proceed promptly with all matters necessary to the financing and the development of the Project; and that the Project will be undertaken and developed in such a manner that economy will be promoted in such development and in the construction work; and that the Project will not be of elaborate or extravagant design or materials.

Section 36. Audit and Inspection Expenses. In determining the costs of the Project, there shall be included a sum to be specified in the Loan Agreement as the agreed fixed fee for payment of the Government's expense of supervising and inspecting the work appertaining to the development of the Project and of auditing the books, records, and accounts pertaining to the Project. The Government will bill the Borrower after award of the construction contract for such expense, and the Borrower will promptly make payment to the Government therefor, from the first funds received by it for construction of the Project, as part of the consideration for the loan hereunder and as a cost incident to the financing and development of the Project.

In the event of termination of this Agreement through the sale of all of the Bonds to private purchasers, the Borrower shall be entitled to a refund of all or a proportionate part of the above fixed fee, dependent on whether the Government has rendered any service in inspecting the construction of the Project and in conducting audits of the Borrower's books, records, and accounts pertaining to the Project prior to or within a reasonable time after said sale of the Bonds. The refund shall be in such an amount as the Community Facilities Commissioner, Housing and Home Finance Agency, determines to be equitable under the circumstances.

Section 37. Construction Financing. If the Borrower wishes to start construction prior to the sale of the Bonds, it may do so after having furnished the Government with (1) a satisfactory preliminary opinion of Bond counsel; (2) evidence of its ability to finance on reasonable terms the cost of the Project up to the time the Bonds are ready for delivery; and (3) evidence of the receipt of firm bids establishing that the Project can be constructed within the approved estimated cost thereof.

In the event any loan under temporary financing should become due prior to the time when the Bonds are ready for delivery, the Borrower may apply to and, provided that the Borrower is in compliance with the Terms and Conditions of this Loan Agreement, receive from the Government an advance against the Bonds in an amount sufficient to liquidate such temporary loan.

If in the determination of the Community Facilities Commissioner the Borrower is unable to obtain interim financing on reasonable terms prior to Bond sale, the Community Facilities Commissioner will consider a request by the Borrower for temporary financial aid in order to avoid undue delay in the construction of the Project.

Any funds made available to the Borrower by the Government pursuant to this Section shall be repaid in full from the first proceeds derived from the sale of the Bonds, and shall bear interest at the rate per annum specified in Section 2 in the Loan Agreement from the date made available to the date of repayment. All funds obtained by the Borrower for temporary financing of the construction of the Project shall be deposited in the Construction Account described in Section 8 above and shall be disbursed therefrom only in accordance with the provisions of said Section 8.

Section 38. Non-Discrimination. The Borrower shall require that there shall be no discrimination against any employee who is employed in carrying out the Project, or against any applicant for such employment, because of race, religion, color or national origin. This provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower shall insert the foregoing provision of this Section in all its contracts for Project work and will require all of its contractors for such work to insert a similar provision in all subcontracts for Project work: Provided, That the foregoing provisions of this Section shall not apply to contracts or subcontracts for standard commercial supplies or raw materials. The Borrower shall post at the Project, in conspicuous places available for employees and applicants for employment, notices to be provided by the Community Facilities Administration setting forth the provisions of this non-discrimination clause.

Section 39. Parietal Rules. The Borrower shall establish and maintain throughout the life of the loan, such parietal rules, rental rates and charges for the use of the Project facilities and such other facilities the revenues of which are pledged in this Loan Agreement as may be necessary to (1) assure maximum occupancy and use of said facilities and (2) provide (a) the debt service on the Bonds, (b) the required reserve therefor and (c) the Building Maintenance and/or Equipment Reserve where such reserves are required pursuant to the Loan Agreement.

Section 40. Prerequisites to Loan Disbursements. The Borrower shall prior to filing any requisition for loan funds or requesting the Government's approval of any interim construction financing, present satisfactory evidence of its ability to provide (1) the moveable equipment and furnishings required for the operation of the Project; (2) such funds as are necessary with the loan proceeds to assure completion of the Project; and (3) the Project site or sites free from all encumbrances.

Section 41. Investment of Funds. Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account and/or the Building Maintenance and/or Equipment Reserve Account shall, upon request by the Borrower, be invested by the Trustee or other designated depository, in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government.

Section 42. Proper Records and Books. The Borrower shall covenant that it will keep accurate financial records and proper books relating to the Project and other facilities the revenues of which are pledged to secure the Bonds and such records and books shall be open to inspection by the Bondholders and their agents and representatives. It shall further covenant that not later than 90 days after the close of each fiscal year it will furnish to the Trustee and to any Bondholder who shall request same in writing, copies of audit reports prepared by an independent public accountant, or where appropriate, by the State auditing official, reflecting in reasonable detail the financial condition and record of operation of the Borrower, the Project, and other pledged facilities.

End

Minutes of December 8, 1959 continued -

WHEREAS, the 1958-59 enrollment in all of the State Institutions of Higher Education in Kentucky, has taxed the capacity of the present physical facilities at each institution, and

WHEREAS, the anticipated enrollment during the next biennium will far exceed the ability of the present college plants to provide for an adequate program of instruction, and

WHEREAS, practically all of the Capital Construction funds appropriated by the 1958 session of the General Assembly have been committed, and

WHEREAS, the State Colleges and the University should be developing specific plans for the use of Capital Construction Funds anticipated to be made available on July 1, 1960, so that construction of needed buildings can proceed immediately after funds are made available, and

WHEREAS, the present method of determining, appropriating and allotting Capital Construction funds results in competition between colleges and other agencies of state government and among the institutions of higher education, and

WHEREAS, Morehead State College will need Capital Construction funds during the 1960-61 biennium to erect a maintenance building, a classroom building, to provide more adequate quarters as a Home Management House, and to purchase a new boiler for the heating plant, now

THEREFORE, BE IT RESOLVED, That the Board of Regents of Morehead State College request the Department of Finance, through its Division of the Budget and Division of Engineering, to authorize the employment of an architect to develop plans for the construction of the needed buildings at Morehead State College, and

BE IT FURTHER RESOLVED, That the Board of Regents of Morehead State College request the Department of Finance through its Division of the Budget to recommend to the General Assembly that the necessary Capital Construction funds be appropriated to Morehead State College for the 1960-62 biennium as a budgetary item in the same way that appropriations are made by the 1960 session of the General Assembly for general operation and maintenance of the college, and

BE IT FURTHER RESOLVED, That the Board of Regents of Morehead State College request the Boards of Control of all state institutions of higher education in Kentucky join this petition by presenting a similar request to the Commissioner of Finance, the Governor, and the Lieutenant Governor of the Commonwealth.

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Minutes of December 8, 1958 continued -

On motion of Dr. Cartmell, seconded by Mr. Gilley, and unanimously carried, President Doran was authorized to write a letter to the Commissioner of Finance requesting that the Commonwealth of Kentucky purchase the lot adjoining the Southeast corner of the college campus, adjacent to the new gymnasium and athletic field. (A copy of the letter and the reply follows):

"December 19, 1958

Dr. Orba F. Traylor, Commissioner
Department of Finance
Frankfort, Kentucky

Dear Dr. Traylor:

At a meeting of the Board of Regents of Morehead State College on December 8, 1958, I was authorized to write you a letter requesting that the Commonwealth of Kentucky purchase a lot adjoining the Southeast corner of our campus adjacent to the new gymnasium and athletic field.

We feel that we are in serious need of this property to provide for the protection and for the expansion of our plant. We will need a site for a new Maintenance Building in the event we are able to finance one during the next biennium.

This lot is owned by Mr. Parnell Martindale, Morehead, Kentucky. He refuses to price the lot to us, but we will be willing to have the state institute proceedings in the event you agree to buy it. This is a very prize piece of property, and it seems exceedingly important that it be purchased for our use. The size of this lot is approximately 230 feet wide by 650 feet long.

We shall be glad to have members of your staff visit us to discuss this matter, and we shall also be glad to make ourselves available to you in any way we can.

Very truly yours,

Adron Doran
President
cc: Governor Chandler
BC: Dr. Cartmell

Minutes of December 8, 1958- continued

December 28, 1958

Dr. Adron Doran, President
Morehead State College
Morehead, Kentucky

Dear Dr. Doran:

This will acknowledge receipt of your letter of December 19, 1958, in which you made a request that the Commonwealth of Kentucky purchase a lot adjoining the southeast corner of the College campus adjacent to the new gymnasium and athletic field. We here in the Department of Finance are aware of the fact that additional property will be required for future expansion of the College. We have one big obstacle facing us in trying to purchase any land at this time. That one big obstacle is the lack of funds in the capital construction fund.

You indicated that the property in question will be required as a site for a new maintenance building, in the event that such a building can be financed during the next biennium. Due to the fact that we will be unable to purchase the property during the 1958-60 biennium, I would like to suggest that this request be made a part of your request for a maintenance building during the 1960-62 biennium.

Yours sincerely,

/s/ Orba F. Traylor
Commissioner of Finance

January 6, 1959

Dr. Orba F. Traylor, Commissioner
Department of Finance
Frankfort, Kentucky

Dear Dr. Traylor:

I have your letter of December 29, in response to my letter to you of December 19, 1958, requesting authority and funds to purchase a lot adjoining the Southeast corner of the college campus, adjacent to the new gymnasium and athletic field.

This matter was discussed by our Board of Regents, and I was authorized to write you a letter of request. Our Board understood that a trace of land had been purchased

Minutes of December 8, 1958 continued -

recently for Murray State College in view of future development at that institution. Our Board felt that this tract of land could be purchased for us under the same sort of arrangements. Furthermore, our Board feels that the owner of this property is apt to sell to somebody else, or use it for some other purpose which will make it impossible for us to obtain at a later date. That is why we would like to have you purchase the tract for us at the present time.

We understand full well that we will not be able to obtain funds for a maintenance building until the 1960-62 biennial budget bill is adopted. However, we would hope to purchase this tract of land during the 1959-60 fiscal year. I understand from some of our Board members they had talked with Governor Chandler about this project, and received his encouragement. I will present your letter to the Board at its next meeting and receive further instructions and report to you again at that time.

My very best good wishes and personal regards.

Very truly yours,

/s/ Adron Doran
President

There being no further business to come before the Board at this time, the meeting was adjourned, subject to the call of the chairman.

Anna B. Carter
Secretary

Robert R. Martin
Chairman