

The Chairman called the meeting to order at 9:00 a.m. with the following members present: Duncan M. Baxter, Don M. Cauto, Jr., Russell P. Herrold, Fred H. Johnson, C. Paul Stocker, and Edwin L. Kennedy, Chairman. In addition to the members of the Board of Trustees, the following were also present: Vernon R. Alden, President; Thomas S. Smith, Vice President for Academic Affairs; James J. Whalen, Dean of Students; Luverne F. Lausche, Business Manager; John F. Milar, Treasurer; Martin L. Hecht, Assistant to the President; and Mason Morfit, Administrative Assistant. Mr. Morfit was appointed Acting Secretary in the absence of Mr. O'Brien.

The presence of a quorum having been determined, it was moved by Mr. Johnson, seconded by Mr. Baxter and unanimously carried that the minutes of the Board of Trustees meeting of June 6, 1965 be approved as distributed by the Secretary.

As the first order of business, Chairman Kennedy congratulated Mr. Stocker on his reappointment to the Ohio University Board of Trustees, as evidenced by the letter of appointment reproduced below:

State of Ohio  
Executive Department  
Office of the Governor  
Columbus

I, James A. Rhodes, Governor of the State of Ohio, do hereby appoint C. Paul Stocker (Republican), Lorain, Lorain County, Ohio, as a Member, Board of Trustees of The Ohio University, for a new term beginning May 14, 1965, and ending at the close of business May 13, 1974, with appointee taking office in his new term July 26, 1965.

IN WITNESS WHEREOF, I have hereunto subscribed my name and caused the Great Seal of the State of Ohio to be affixed at Columbus, this 21st day of July, in the year of our Lord, One thousand nine hundred and sixty-five.

(Signed) James A. Rhodes  
Governor

It was announced by Mr. Hecht that he was in receipt of a communication from Mr. Wayne Brown, Trustee, indicating that a gift of \$20,000 from the Halley G. Brague Estate had been received. A resolution will be drafted for presentation at the next meeting of the Board, at which time the Trustees will be asked formally to accept this gift.

Mr. Milar was called upon to report on policy regulations concerning the waiver of University fees. Mr. Milar referred the members of the Board to a report on fee-waivers distributed prior to the meeting and included in the agenda. Mr. Milar's report follows:

Policy Regulations  
Waiver of University Fees  
September 29, 1965

By the authorization of the Board of Trustees of Ohio University, a Policy Committee, composed of members of the faculty and administration, has been appointed by the President for the purpose of establishing policy concerning the administration of Financial Aid by the Office of Student Financial Aids.

Waivers of University fees shall be granted in the following categories:

1. Regular Waivers: These scholarships may vary from \$100 to \$400 per year. The normal scholarship, however, should be equal to three-fourths the annual tuition. The dollar value of scholarships awarded in this category shall not exceed \$6,600 for the Summer of 1965 and \$116,950 for the 1965-66 academic year.

2. Honor Waivers: These scholarships are to be awarded to students who have demonstrated academic ability, but have not demonstrated financial need. The annual amount of this scholarship shall not exceed \$50. The dollar value of scholarships awarded in this category shall not exceed \$210 for the Summer of 1965 and \$8,600 for the 1965-66 academic year.

3. Academic Non-Resident Waivers: These awards shall be granted to students who receive an academic scholarship such as an Endowed scholarship, Regular Waiver scholarship, Honors scholarship, or Foreign scholarship. The value of this award shall not exceed the assessment for non-residency. The dollar value of scholarships awarded in this category shall not exceed \$1,100 for the Summer of 1965 and \$53,200 for the 1965-66 academic year.

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4. Special Talent Non-Resident Waivers: These awards shall be granted to students who have demonstrated a special talent or ability which the University desires. These students are not required to meet the academic requirements established by the University (3.0 accumulative average) to receive the award. Recommendations for these awards are to be made by Department Chairman. The dollar value of scholarships awarded in this category shall not exceed \$14,800 for the 1965-66 academic year. No awards are to be made for the Summer of 1965.

5. Non-Academic Employee Waivers: These scholarships shall be awarded to sons and daughters of Ohio University employees according to the regulations which define an employee of Ohio University. The value of these scholarships shall not exceed three-fourths the annual tuition. The dollar value of scholarships awarded in this category shall be determined by the number of eligible students.

6. Faculty Child Waivers: These scholarships shall be awarded to sons and daughters of the faculty and administration of Ohio University. The value of the scholarships shall not exceed three-fourths the annual tuition. The dollar value of scholarships awarded in this category shall be determined by the number of eligible students.

7. Branch Waivers: These scholarships shall be awarded to students attending a Branch of Ohio University. Students may receive this award for a period not to exceed two years. Each branch of Ohio University shall receive 20 scholarships - if there are qualified candidates. Unused funds for one branch may be transferred to the remaining Branches when the need for such is apparent. The dollar value of scholarships awarded in this category shall not exceed \$54,000 for the 1965-66 academic year.

8. Foreign Tuition Waivers: These scholarships are to be awarded to foreign students who are attending Ohio University in Athens. The value of these scholarships shall not exceed three-fourths the annual tuition, and should include a waiver of non-resident fees. The dollar value of scholarships awarded in this category shall not exceed \$540 for the Summer of 1965 and \$8,750 for the 1965-66 academic year. Non-resident waivers for these scholarships shall be recorded under Waiver Category #3.

9. Foreign Trustee Waivers: These scholarship awards normally involve a total waiver of tuition and non-resident fees. The value of the award shall not exceed the annual assessment of fees for tuition and non-residency. Foreign Trustee recipients also receive free room and board from outside sources. The dollar value of scholarships awarded in this category shall not exceed \$320 for the Summer of 1965 and \$1,175 for the 1965-66 academic year. Non-resident waivers for these scholarships shall be recorded under Waiver Category #3.

10. Endowed Waivers: Waivers of fees may be granted to supplement the interest accumulated on endowed accounts. The amount of the waiver, however, shall not exceed that amount which is necessary for granting an award which is equal to three-fourths the annual assessment for tuition. Waivers in this category shall be established by the Director of Student Financial Aids in conjunction with the Director of the Ohio University Fund and the Treasurer of Ohio University. The dollar value of waiver fees in this category shall not exceed \$29,840 for the 1965-66 academic year.

11. Ohio University Fund Name Waivers: Waivers of fees may be granted to supplement funds donated to the University by individuals or organizations for the purpose of creating scholarships which are equal to three-fourths the annual assessment for tuition. Waivers in this category shall be established by the Director of Student Financial Aids in conjunction with the Director of the Ohio University Fund and the Treasurer of Ohio University. The dollar value of waiver fees in this category shall not exceed \$5,150 for the 1965-66 academic year.

12. Applied Music Waivers: The value of these scholarships shall not exceed that amount which a student has been assessed for applied music fees. The scholarship shall be awarded for applied music fees only and shall not be awarded to students who qualify for the Special Music Scholarships. The dollar value of scholarships awarded in this category shall not exceed \$4,000 for the 1965-66 academic year.

13. Special Music Waivers: The value of these scholarships shall not exceed three-fourths the annual tuition and shall also include a waiver of applied music fees. The dollar value of scholarships awarded in this category shall not exceed \$5,250 for the 1965-66 academic year.

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14. Ohio War Orphans Waivers: These scholarships are administered by the State of Ohio according to the stated regulations in Chapter 5910 "War Orphans" Sections 5901.01 through 5910.06 inclusive of the Ohio Code. The value of these scholarships shall not exceed three-fourths the annual assessment for tuition. The dollar value of scholarships awarded in this category shall be determined by the number of eligible students.

15. Ohio Soldiers and Sailors Waivers: These scholarships shall be awarded to residents of the Soldiers and Sailors Home in Xenia, Ohio. The value of the award shall not exceed three-fourths the annual tuition. The dollar value of scholarships awarded in this category shall be determined by the number of eligible students.

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Waiver Fees  
Undergraduate Scholarships  
Student Financial Aids  
Summer - 1965

Waiver Category	Number of Awards	Total
1. Regular Waivers	61	\$ 6,600.00
2. Honor Waivers	12	210.00
3. Academic Non-Resident Waivers	9	1,100.00
4. Special Talent Non-Resident Waivers		
5. Non-Academic Employee Waivers	9	960.00
6. Faculty Child Waivers	10	960.00
7. Branch Waivers		
8. Foreign Tuition Waivers	5	540.00
9. Foreign Trustee Waivers	2	320.00
10. Endowed Waivers		
11. Ohio University Fund Name Waivers		
12. Applied Music Waivers		
13. Special Music Waivers		
14. Ohio War Orphans Waivers	2	240.00
15. Soldiers and Sailors Waivers		
Sub-Total	110	\$ 10,930.00

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Waiver Fees  
Undergraduate Scholarships  
Student Financial Aids  
1965-66 Academic Year

Waiver Category	Number of Awards	Total
1. Regular Waivers	345	\$ 115,550.00
2. Honor Waivers	172	8,600.00
3. Academic Non-Resident Waivers	133	53,200.00
4. Special Talent Non-Resident Waivers (4 Music, 23 Athletic, 6 Quimet)	33	13,200.00
5. Non-Academic Employee Waivers	43	14,770.00
6. Faculty Child Waivers	60	21,000.00
7. Branch Waivers	85	38,250.00
8. Foreign Tuition Waivers	21	7,350.00
9. Foreign Trustee Waivers	4	1,600.00
10. Endowed Waivers	150	29,840.00
11. Ohio University Fund Name Waivers	28	5,150.00
12. Applied Music Waivers	23	3,680.00
13. Special Music Waivers	14	4,900.00
14. Ohio War Orphans Waivers	7	2,450.00
15. Ohio Soldiers & Sailors Waivers	3	1,050.00
Sub-Total	1,121	\$ 320,590.00
Grand Total(65-66)	1,231	331,520.00

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At the request of Mr. Kennedy, Mr. Milar explained in detail the process whereby fee-waivers are approved by the Administration. During the discussion which followed, Mr. Milar brought to the attention of the Board the fact that each fee-waiver category had been individually approved in previous meetings of the Board and that the total dollar value of fee-waivers for Summer Session, 1965, and the Academic Year 1965-66 had been approved by the Board as part of the 1965-66 Budget in their meeting of May 12, 1965. At the request of Mr. Milar, it was moved by Mr. Johnson, seconded by Mr. Stocker, and unanimously carried that the Board of Trustees approve, as a whole, the financial aid commitments of the University for 1965-66.

Mr. Kennedy next called upon President Alden for his report. President Alden reviewed briefly the first draft of the President's Annual Report, distributed to the Trustees two weeks prior to the meeting. He then reported that registration figures for September were above University estimates despite the fact that limitations had been put on admission to the main campus and many students diverted to branch campuses. Total main campus enrollment was reported to be almost 14,000 students, with 5,200 in the freshman class and 5,200 at the branch campuses.

President Alden also reported that the \$3,180,000 appropriation from the State of Ohio for a new University Library had been supplemented by grants from the Federal government. The University will receive an additional \$1 million under Title I of the Education Act and an additional \$536,304 under Title II.

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## MINUTES—OHIO UNIVERSITY, Board of Trustees—October 5, 1965

President Alden reported also that the Standard Oil Company of Ohio had given to the University their missile tracking equipment, worth approximately \$200,000. He also reported that the University had hired Ralph Burhans, who was responsible for developing the Ohio tracking station. In response to a question from Mr. Kennedy, President Alden explained that, as a result of this acquisition and the hiring of Mr. Burhans, Ohio University would be able to strengthen considerably its research activities on Radar Hill and to attract both faculty and graduate students in the field of engineering.

It was also reported by President Alden that the University would receive, in the near future, a Federal Aviation Agency DC-3 aircraft containing valuable scientific equipment. In response to a question from Mr. Johnson, President Alden explained that the scientific equipment would be used in conjunction with research projects in Electrical Engineering, or sold if it proved to be of no value for such research projects. He also pointed out that the aircraft itself, worth from \$85,000 to \$100,000 on the secondary market, would save the University a substantial amount of money by making it unnecessary to charter special aircraft on some occasions for the transportation of athletic teams and other University groups. Mr. Kennedy then suggested that careful records be kept of the operating costs of the aircraft so that the University would encounter no difficulty in justifying such costs to the Director of Finance of the State of Ohio.

With the conclusion of the President's report, Mr. Milar requested that the Board take formal action on the University's travel reimbursement policy by delegating to the Administration the authority to administer reimbursement for official travel, subject to budget limitations on an actual and necessary basis, with the stipulation that meal and lodging expenses not exceeding \$11 per day within the State of Ohio and \$16 per day outside the State of Ohio do not require documentation. The per diem allowances stated above should be computed on a quarter-day basis. The Administration should also be authorized to provide reimbursement for travel expenses above the per diem allowance when expenses are considered "reasonable and justified" and are supported by receipts. It was moved by Mr. Johnson, seconded by Mr. Herrold and unaniously carried that the Administration be delegated the authority requested.

President Alden brought the attention of the Board to their previous meeting, at which time the Trustees authorized the Administration to have preliminary architectural drawings prepared for the new Convocation Center. The Board also agreed at that time to name the Center after the individual who donated the first \$1 million toward the cost of the \$7 million building.

President Alden presented to the Board the rendering of the building and drawings of the interior structure, prepared by the firm of Brubaker and Brandt after visits to several major convocation centers at other universities. President Alden also announced that Mr. Fred Beasley of Athens had pledged \$1 million toward the cost of construction of the center.

President Alden then requested from the Board authorization to name the new Convocation Center "The Fred Beasley Center", to commit \$1 million from Dormitory and Dining Hall Surplus to pay for the dormitory portion of the building, and to finance the balance of the cost through the issuance of bonds to be retired through an increase of \$10 per semester in student fees, commencing September of 1966, said fees to be assessed under State of Ohio Revised Code Section 3345.11. President Alden also requested that the firm of Brubaker and Brandt be approved as architects for the Center and that the Board approve the Center's architectural style as illustrated by the firm's preliminary rendering.

It was moved by Mr. Johnson, seconded by Mr. Baxter and unaniously carried that the Administration be granted the authority requested. Mr. Johnson then suggested that Mr. Beasley be sent a letter of appreciation on behalf of the Board of Trustees.

Mr. Milar reported to the Board that the acquisition of the Locke Property on North McKinley by condemnation, authorized by the Trustees in their meeting of May 12, could not be effected in a sufficiently short period of time to permit the completion of Dormitory Units 11 - 15 by the fall of 1966. He therefore requested from the Board the authority to acquire the property on a negotiated basis. He also requested that the Executive Committee be given the authority to give final approval on a price, explaining that Mr. Locke was asking \$18,000 for property appraised by Mr. Cecil Neff at \$9,000. It was moved by Mr. Herrold, seconded by Mr. Stocker and unaniously carried that the Administration be given the authority requested.

Mr. Milar reported to the Board that the University had received an appraisal of \$115,000 for the Delta Tau Delta fraternity house, located next to the Engineering Building. As was indicated in previous meetings, the University wishes to acquire this property so that street widening can be continued from the Post Office building to the Richland Avenue bridge.

Mr. Johnson asked Mr. Lausche for his opinion of Mr. Neff's appraisal of \$115,000. Mr. Lausche indicated that, in his opinion, an asking price 10% above the appraised price was reasonable when recent sales in the area were taken into consideration. President Alden explained that he thought a firm offer from the University would encourage the fraternity to find another site for their building. Mr. Milar then requested from the Board authority to begin acquisition of the property at a maximum price of \$125,000 and to work out appropriate relationships with the fraternity until Delta Tau Delta has located another site. It was moved by Mr. Canto, seconded by Mr. Johnson and unaniously carried that the Administration be given the authority requested.

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MINUTES—OHIO UNIVERSITY, Board of Trustees—October 5, 1965

Mr. Milar reported that the plot of ground between the Speech Theatre Building and Baker Center which has been designated for the University's new Educational Television Building contains a small parking area, measuring 66 x 29 feet, which does not belong to the University. The architects have indicated to the University that it would be desirable to have this property so that the new Television Building can be set back from College Street. The property has been appraised by Mr. Cecil Neff of Columbus at \$21,500.

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Mr. Milar explained that sufficient time is available to acquire the property through condemnation, if necessary, but that acquisition of the property on a negotiated basis is preferable if reasonable terms can be arranged. Mr. Milar then asked the Board for authorization to offer \$21,500 for the property and to initiate appropriation proceedings through the Department of Public Works if this action should prove necessary. It was moved by Mr. Herrold, seconded by Mr. Baxter and unanimously carried that the Administration should be delegated the authority requested.

Mr. Lausche reported that the Architectural Committee of the Board, after a great deal of deliberation, had selected the following architects for new University buildings:

Television Building	George Voinovich, 1922 East 107 St., Cleveland
Music Building	Joseph Baker & Associates, 180 Hudson, Newark
Animal Building	W. Byron Ireland & Associates, 6610 North High St., Columbus, Ohio
Botanical Research Building	Kral, Zepf, Freitag & Associates, 3021 Vernon Place, Cincinnati, Ohio

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Mr. Lausche asked the Board to ratify the selections of the Architectural Committee. It was moved by Mr. Baxter, seconded by Mr. Herrold and unanimously carried that the architects selected by the Architectural Committee be given the approval of the Board.

Mr. Lausche reported that it had recently been discovered that an error existed in the deed for the Zanesville Branch property. The error involved a decrease in total area of the property from approximately 179 acres to approximately 165 acres. Mr. Herrold explained that the loss was the result of an error in the surveying of the property. Mr. Lausche requested from the Board acceptance of the new deed for the Zanesville Branch property, pursuant to correction of the survey. It was moved by Mr. Stocker, seconded by Mr. Johnson and unanimously carried that the deed be accepted on the condition that Mr. Lausche make a careful investigation of all aspects of the deed to assure its correctness.

President Alden reported that Professor-Emeritus Robert L. Morton, one of the University's Distinguished Professors, had pledged a gift of \$500,000 for a Professorship in Mathematics Education or Mathematics. While Professor Morton had expressed a preference for these fields, he agreed that the Professorship should be unrestricted. President Alden requested from the Board authorization to name the new endowed chair "The Robert L. Morton Professorship." It was moved by Mr. Johnson, seconded by Mr. Herrold and unanimously carried that the Administration be given the authority requested, with the understanding that, although Professor Morton's preferences would be recognized, the Professorship would be unrestricted. Mr. Johnson then urged the Administration to make every effort to insure that both Mr. Beasley and Professor Morton were each accorded appropriate recognition of their generosity. He also suggested that a letter of appreciation be sent to Professor Morton on behalf of the Board of Trustees.

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President Alden reported that, as part of a new cooperative program between Ohio University and U. S. Department of State, arrangements had been made for James Barnes of the Government Department to work for one year at the Department of State in exchange for two foreign service officers, paid by the Department of State, who are working at Ohio University. President Alden explained that the University was being asked by the Department of State to make a contribution to the Department equivalent in amount to the salary of Mr. Barnes. President Alden then requested of the Board that they adopt a resolution permitting this contribution in the amount of \$9,720. It was moved by Mr. Stocker, seconded by Mr. Herrold and unanimously carried that the Administration be given the authority requested.

The Board of Trustees then went into Executive Session. During this session it was proposed by Mr. Johnson and unanimously seconded that Mr. Martin L. Hecht, Assistant to the President, be appointed Vice President for University Development, effective immediately.

There being no further business, the meeting was adjourned. The date of the next meeting was set for Thursday, November 11, at 9:30 a.m. in the Presidential Suite of The Ohio University Inn.

Edwin L. Kennedy  
Edwin L. Kennedy, Chairman  
Board of Trustees

Paul R. O'Brien  
Paul R. O'Brien, Secretary  
Board of Trustees

John C. ...  
Meeting Secretary

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C O P Y

THE OHIO UNIVERSITY AND ITS BOARD OF TRUSTEES  
Housing and Dining Revenue Bond Fund Accounts

Accountants' Report

Financial Statements - June 30, 1965

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

100 EAST BROAD STREET

COLUMBUS, OHIO 43215.

October 29, 1965

Private and Confidential

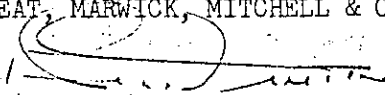
Mr. Paul R. O'Brien, Secretary  
Board of Trustees  
The Ohio University  
Athens, Ohio

Dear Mr. O'Brien:

We are enclosing twenty-five (25) copies of the Accountants' Report for The Ohio University and Its Board of Trustees Housing and Dining Revenue Bond Fund Accounts as of June 30, 1965.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

  
A. W. Tuttle, Partner

AWT:ls  
Enclosure - 25

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

100 EAST BROAD STREET

COLUMBUS, OHIO 43215

The Board of Trustees  
The Ohio University:

We have examined the statement of financial condition of The Ohio University and Its Board of Trustees Housing and Dining Revenue Bond Fund Accounts as of June 30, 1965 and the related statements of income and expense of dormitory facilities and of fund account balance transactions for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We secured direct confirmation from the Trustee as to cash and securities it held at June 30, 1965.

In our opinion, the accompanying financial statements present fairly the financial condition of such Fund Accounts as of June 30, 1965 and the results of operations and of fund account balance transactions for the year then ended, in conformity with accounting principles set forth in note 1 to financial statements, applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying schedules are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

*Peat, Marwick, Mitchell & Co.*

August 24, 1965



THE OHIO UNIVERSITY AND ITS BOARD OF TRUSTEES  
Housing and Dining Revenue Bond Fund Accounts

Notes to Financial Statements

June 30, 1965

- (1) The accompanying financial statements have been prepared on the accrual basis and in accordance with generally accepted accounting principles, except in those instances, set forth below, where such principles differ with the provisions of the Trust Agreements and the University's and its bond counsels' interpretation thereof.

The Housing and Dining Revenue Bond Fund Accounts have no stockholders nor equity holders and, from and after the issuance of the bonds, all income and revenue of the dormitory facilities, as defined, are required to be deposited and applied in accordance with the provisions of the Agreements. The Agreements provide for a Construction Account and three special funds designated System Revenue Fund Account, Bond and Interest Sinking Fund Account, and Repair and Replacement Reserve Account. All receipts from dormitory facilities are to be deposited in the System Revenue Fund Account and applied in accordance with the provisions of the Agreements. On or before specified dates each year, the University is required to transfer funds in the order indicated from the System Revenue Fund Account to the Bond and Interest Sinking Fund Account and to the Repair and Replacement Reserve Account as set forth in the Agreement. The Bond and Interest Sinking Fund Account is to be held by the Trustee and applied to payments of principal and interest on outstanding bonds. The Repair and Replacement Reserve Account is to be held by the Trustee and used for extraordinary repairs and replacements to the dormitory facilities, renewals and replacements, and the renovating or replacement of movable equipment and furniture of the dormitory facilities or for payment of principal and interest on outstanding bonds by transfer to the Bond and Interest Sinking Fund Account. The Repair and Replacement Reserve Account shall not be used for repairs or replacements if there is any deficiency in any of the deposits required to be made to the Bond and Interest Sinking Fund Account. The University may use the balance of funds in excess of required transfers in the System Revenue Fund Account at the close of each fiscal year (1) to redeem outstanding bonds, or (2) for any expenditures, including debt service, in improving or restoring any existing housing and dining facilities or providing any additional facilities, or (3) for any other lawful purpose.

Under the terms of the Agreements, current expenses of operation and maintenance of the dormitory facilities are to be paid from the System Revenue Fund Account as they become due and payable. Current expenses 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 facilities. Accordingly, the accompanying statement of income and expense of dormitory facilities includes an allocation, which is based on gross income or cost of food, of certain expenses common to all dormitory facilities of the University. Current expenses exclude provision or expenditure for depreciation or capital replacement. Accordingly, no provision for depreciation has been included in the accompanying financial statements. In addition,

## THE OHIO UNIVERSITY AND ITS BOARD OF TRUSTEES

## Notes to Financial Statements, Continued

expenditures for administration or regulation of the occupants of the dormitory facilities, which previously were not considered a cost of operation under the existing accounting practice of the University, are excluded. Therefore, the costs of operation of dormitory facilities do not include necessarily the proportionate share of expenses which would be attributable to the facilities if they had been operated as a completely independent activity.

The accounts of the Housing and Dining Revenue Bond Fund Accounts are included with those of other dormitory facilities whose receipts, prior to June 1, 1965, were not pledged under the Agreements. The accounting system of the University provides for the proper subsequent segregation of receipts and expenses applicable to the Fund Accounts. Accordingly, the accompanying statement of financial condition excludes certain offsetting assets and liabilities which otherwise would be included if the accounts of the System Revenue Fund Account were maintained independently.

- (2) The bonds were issued to refund then outstanding Dormitory Revenue Bonds and to construct additional dormitories and appurtenant facilities by The Ohio University which, through the Board of Trustees acting under statutory authority, adopted resolutions providing for the issuance of each respective series. The Series F bonds were issued as of June 1, 1965 to refund all of the then outstanding Dormitory Revenue Bonds. Accordingly, the East Green Dormitory Complex project costs have been increased \$7,460,000 representing the amount of Series F bonds issued in connection with such refunding.

The indebtedness created through the issuance of the bonds is secured by a pledge of the receipts from the operation of all dormitory facilities now or hereafter under the control of the Board of Trustees. Such indebtedness shall not be a claim against or a lien upon any property of the State of Ohio or any property of or under the control of the Board of Trustees. However, the University may, of its own volition, use, to the extent it is lawfully authorized to do so, any of its other funds for the fulfillment of any of its obligations under the Agreements.

The receipts of certain dormitory facilities are pledged to secure such indebtedness from June 1, 1965. However, the results of operations of such facilities have not been included in the accompanying financial statements for the period from June 1, 1965 to June 30, 1965, as it was considered impractical to immediately establish an accounting for such receipts. University officials do not consider such action to have a material effect on the results of operations for the year ended June 30, 1965.

## THE OHIO UNIVERSITY AND ITS BOARD OF TRUSTEES

## Notes to Financial Statements, Continued

Series A, B and D bonds maturing after 1995, 1997 and 1998, respectively, are redeemable in inverse order of maturity at the option of the Board of Trustees on any interest payment date at par and accrued interest. Series A, B, C and D bonds maturing after 1970, 1972, 1973 and 1973, respectively, but exclusive of the maturities above, are redeemable in inverse order of maturity at the option of the Board of Trustees on July 1, 1970, 1972, 1973 and 1973 respectively, or any interest payment date thereafter, at par and accrued interest plus a premium of 3%, which, except for Series C bonds, diminishes on later redemptions. Series F bonds have similar optional redemption privileges beginning on January 1, 1976 with a 3% premium, which diminishes on later redemptions.

- (3) The interfund indebtedness represents an amount due to Construction Account from System Revenue Fund Account for interest expense incurred on interim financing of occupied facilities, net of interest earned on Construction Account investments.

The Agreements provide that the earnings on investments of the Construction Account shall constitute part of the Construction Account; however, the University consistently has followed the practice of crediting interest earned on Construction Account investments subsequent to the date of occupancy to the System Revenue Fund Account on instructions from the Housing and Home Finance Agency, which holds certain bonds.

- (4) The Board of Trustees has adopted a resolution and supplemental trust agreement providing for the issuance of \$3,250,000 Series E bonds for the purpose of constructing West Green Dormitory Unit Nos. 7, 8 and 9. Until such time as the bonds are issued, construction costs will be paid from a \$3,250,000 promissory note payable to bank issued under an interim financing agreement. Such note is due November 30, 1965, bears interest at the rate of 2.65%, is secured by a pledge of investments having a carrying value of \$763,014 at June 30, 1965, and is payable solely from the available receipts from dormitory facilities, from the proceeds of the Series E bonds to be issued by the University, and from the pledged obligations.

Interest on interim financing is charged to project costs during construction period and to operations subsequent to the date of occupancy of the applicable facilities.

- (5) The costs of the land, buildings, and equipment of all the dormitory facilities as carried on the records of the University are \$808,527, \$22,897,814, and \$1,667,220, respectively, as of June 30, 1965.