

10-14-1993 12:00 AM

1993-10-14

Board of Regents, Murray State University

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MINUTES OF THE MEETING OF THE BOARD OF REGENTS
Murray State University
October 14, 1993

The Board of Regents of Murray State University met October 14, 1993, in special session via Interactive Telecommunication Network with hookups in Frankfort and Hopkinsville. The meeting was called to order in Room 152, Business Building, on the campus of Murray State University at 11:00 a.m. by Chairman James O. Butts.

Upon call of the roll, the following members answered present: Mr. James O. Butts; Mr. Sid Easley; Mrs. Beverly Ford; Dr. Frank Julian; Mr. Philip M. Lanier from Frankfort site; Mr. Wells T. Lovett; Mr. Robert Matthews from Frankfort site; and Mr. Brian Van Horn. Absent: Mrs. Arlivia Gamble and Mrs. Virginia Strohecker.

Present for the meeting were: Dr. Ronald J. Kurth, President; Mrs. Sandra M. Rogers, Secretary of the Board; Mr. Don Kassing, Treasurer of the Board and Vice President for University Relations and Administrative Services; Dr. James Booth, Provost; Mr. James Overby, General Counsel; staff and members of the news media.

The following actions were approved by the Board:

Appointment of Treasurer of the Board

With the resignation of Don Kassing as Vice President, the Board is required to appoint a Treasurer.

Mr. Robert Matthews moved that the Board of Regents, upon the recommendation of the President of the University, appoint Mr. Tom Denton as Treasurer. Mr. Van Horn seconded and the roll was called with the following voting: Mr. Easley, yes; Mrs. Ford, yes; Dr. Julian, yes; Mr. Lanier, yes; Mr. Lovett, yes; Mr. Matthews, yes; Mr. Van Horn, yes; and Mr. Butts, yes. Motion carried.

Ratify Personal Service Contract for Consultant for Presidential Search

Mr. Easley informed the Board that proposals were submitted from Lamalie Amrop International, Heidrick & Struggles, A. T. Kearney, Inc., and Korn/Ferry International. The committee interviewed representatives of Lamalie Amrop International and Korn/Ferry International. He pointed out that it was the general feeling of the committee that a consultant should be used in the search.

Mr. Easley moved that the Board of Regents, upon the recommendation of the Chairman, authorize the engagement of Korn/Ferry International to assist the Presidential Search Committee in the process of selecting a President of the University at a fee of \$25,000 plus expenses (not to exceed \$3,500).

Dr. Julian seconded and the roll was called with the following voting: Mr. Easley, yes; Mrs. Ford, yes; Dr. Julian, yes; Mr. Lanier, yes; Mr. Lovett, yes; Mr. Matthews, yes; Mr. Van Horn, yes; and Mr. Butts, yes. Motion carried.

Ratify, Confirm and Approve a Sublease associated with Project 55, Revenue and Revenue Refunding Bonds

Murray State University was advised as to a sublease for the State Property and Buildings Commission of the Commonwealth of Kentucky Revenue and Revenue Refunding Bonds Project No. 55, by letter dated September 24, 1993. The transmittal included the Sublease together with an opinion of counsel. The opinion of counsel included language whereby Murray State University's attorney was required to opine that the Sublease had been "duly authorized, executed and delivered by the Sublessee." Bond counsel insisted that this language be used. Ratification, in the judgment of Murray State University General Counsel, is necessary.

Mr. Matthews moved that the Board of Regents ratify, confirm, and approve the action of Murray State University in signing a Sublease associated with Project No. 55, \$414,040,000. Mr. Easley seconded and the roll was called with the following voting: Mr. Easley, yes; Mrs. Ford, yes; Dr. Julian, yes; Mr. Lanier, yes; Mr. Lovett, yes; Mr. Matthews, yes; Mr. Van Horn; and Mr. Butts, yes. Motion carried.

(See Attachment #1)

Approval on Naming the L. J. Hortin Reading Room

Mr. Lovett moved that the Board of Regents, upon the recommendation of the President of the University, approve the naming of the reading room on the second floor of Wilson Hall "The L. J. Hortin Reading Room." Mrs. Ford second and the roll was called with the following voting: Mr. Easley, yes; Mrs. Ford, yes; Dr. Julian, yes; Mr. Lanier, yes; Mr. Lovett, yes; Mr. Matthews, yes; Mr. Van Horn; and Mr. Butts, yes. Motion carried.

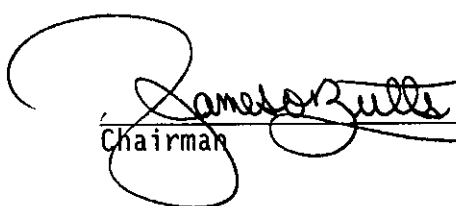
Resolution of Appreciation

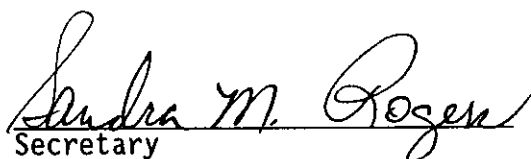
Dr. Julian moved that the Board ask the secretary to draft a resolution of appreciation for the work that Don Kassing has done for the University as he prepares to leave for his new position at San Jose State. Mr. Lovett seconded and the motion carried.

Chairman Butts indicated to the Board that there is a strong possibility that the November 6 meeting will be changed to a different date.

Meeting Adjourned

There being no further business to come before the Board, Dr. Julian moved and Mr. Van Horn seconded that the meeting be adjourned. Adjournment was at 11:10 a.m.


Chairman


Secretary

This page is left blank due to the attachments to the Minutes of the meeting of the Murray State University Board of Regents held on October 14, 1993.

Sandra M. Rogers
Secretary

1. FORM OF SUBLEASE

**SUBLEASE, CANCELLATION OF PRIOR LEASES
AND
AMENDMENT OF PRIOR LEASE FINANCING AGREEMENT**

by and between

**FINANCE AND ADMINISTRATION CABINET
OF THE COMMONWEALTH OF KENTUCKY**

and

MURRAY STATE UNIVERSITY

Dated as of September 1, 1993

Sublease Number

Eleven

The State Property and Buildings Commission of the Commonwealth of Kentucky is a party to and has executed this Sublease, Cancellation of Prior Leases and Amendment of Prior Lease Financing Agreement for the limited purposes set forth in Article 17 hereof.

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SUBLEASE

THIS SUBLEASE, made and entered into on the date set forth on the cover page of this Sublease, by and between the FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY, a department and agency of the Commonwealth of Kentucky (hereinafter sometimes referred to as the "Cabinet") and the State Agency of the Commonwealth of Kentucky identified on the cover page to this Sublease, pursuant to KRS 56.440, et seq. (hereinafter sometimes referred to as the "Sublessee").

WITNESSETH:

WHEREAS, the Cabinet is authorized pursuant to the Act, hereinafter defined, to take, acquire and hold property, and the State Property and Buildings Commission of Kentucky (the "Commission") is authorized, pursuant to the Act, hereinafter defined, to issue and sell revenue bonds on behalf of such Cabinet in order to acquire facilities to carry out proper public purposes; and

WHEREAS, in order to provide for the refinancing and financing of the acquisition, construction, installation, equipping and undertaking of various projects (the "Project") identified in the Lease, hereinafter defined, the Cabinet has made or will have made on behalf of the Sublessee and other State Agencies, appropriate application to the Commission requesting the Commission to provide for payment of the costs of such Project pursuant to KRS 56.450 by the issuance of revenue bonds pursuant to the Act; and

WHEREAS, it is appropriate that a Sublease in respect of a part of the Project be entered into by and between the Finance and Administration Cabinet and the Sublessee so as to make Project facilities available to the Sublessee, the Sublessee being a State Agency of the Commonwealth of Kentucky.

NOW, THEREFORE PURSUANT TO THE STATUTORY AUTHORITY CITED IN THE PREAMBLES TO THIS SUBLEASE, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY BOTH PARTIES, AND IN FURTHER CONSIDERATION OF THE PREMISES, THE PARTIES DO HEREBY COVENANT AND AGREE, EACH WITH THE OTHER, AS FOLLOWS:

ARTICLE I
DEFINITIONS

SECTION 1.1. Definitions. As used in this Sublease, unless the context requires otherwise:

"Act" means collectively, Chapter 56 of the Kentucky Revised Statutes and Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes, as amended.

"Bond" or "Bonds" means Bonds defined in the Bond Resolution.

"Bond Resolution" means the resolution of the Commission adopted on July 30, 1992 authorizing and approving the Bonds, as amended and supplemented from time to time.

"Budget Act" means Chapter 462 of the Acts of the General Assembly of the Commonwealth of Kentucky, 1992 Regular Session.

"Cabinet" means the Finance and Administration Cabinet of the Commonwealth of Kentucky.

"Commission" means the State Property and Buildings Commission of the Commonwealth of Kentucky.

"Commonwealth" means the Commonwealth of Kentucky.

"Escrow Agreement" means one or more Escrow Trust Agreements dated as of September 1, 1993, between or among the Commission and Republic Bank and Trust Company, Bank One, Lexington, NA, Stockyards Bank and Trust Company, Liberty National Bank and Trust Company of Louisville and Bank of Louisville-Royal Bank & Trust Company.

"Escrow Fund" means the escrow fund established pursuant to the Escrow Agreement.

"KRS" means the Kentucky Revised Statutes.

"Lease" means the instrument, dated as of September 1, 1993, by which the properties constituting the Project are leased by the Commission, as Lessor, to the Cabinet, as Lessee, as amended or supplemented from time to time.

"Project" means Project as defined in the Lease.

"Proportionate Share" means the principal amount of the Bonds attributable to the Sublessee's Facilities, as determined by the Cabinet, as a percentage of the aggregate amount of such Bonds.

"Renewal Term" means a period of two (2) years coinciding with the fiscal biennium of the Commonwealth, which commences on July 1 in each even-numbered year and ends on June 30 of the next ensuing even-numbered year unless hereafter modified by the statute.

"State Agency" means the State Agency identified on the cover page of this Sublease.

"Sublease" means this sublease instrument pursuant to which the Sublessee will sublease portions of the Project constituting the Sublessee's Facilities, from the Cabinet, a Sublessee, as amended or supplemented from time to time.

"Sublessee" means the state agency identified on the cover page of this Sublease.

"Sublessee's Facilities" means the Project facilities subleased by the Sublessee and identified in Exhibit A to this Sublease.

"Sublessee's Rent" means the Sublessee's Proportionate Share of the Rent due from the Cabinet to the Commission under the Lease, plus the "Additional Sublessee's Rent" due under Section 4.6 of this Sublease.

Terms not otherwise defined herein shall have the meanings given them in the Lease and the Bond Resolution.

ARTICLE II

DIRECTION OF THE SUBLESSEE TO THE CABINET TO SUBMIT THE APPLICATION AND REQUEST OF THE SUBLESSEE THAT THE COMMISSION AUTHORIZE IN THE COMMISSION'S OWN NAME BONDS IN THE AMOUNT REQUIRED FOR THE COSTS OF REFINANCING AND FINANCING THE SUBLESSEE'S FACILITIES

SECTION 2.1. Direction of the Sublessee to the Cabinet to Submit the Application and Request of the Sublessee that the Commission Authorize in the Commission's Own Name Bonds in the Amount Required for the Costs of Refinancing and Financing the Sublessee's Facilities. Sublessee hereby directs the Cabinet, on behalf of the Sublessee, to submit the Sublessee's application, herein contained and made pursuant to KRS 56.450(4), to the Commission, requesting the Commission to authorize in the Commission's own name, and offer, from time to time, the Commission's Bonds in an amount sufficient to provide the costs of financing or refinancing the costs of the Sublessee's Facilities, all as is more specifically provided in the Act and the Bond Resolution. With respect to any application by the Cabinet for Economic Development, said Cabinet hereby certifies that each economic development

project has been selected for funding in accordance with the criteria set forth in KRS 154.12-100(2) and the Budget Act; all written commitments required by KRS 154.12-100(3) have been received and submitted to the Capital Project and Bond Oversight Committee and that the Cabinet has executed or expects to execute an agreement with each public or private organization in accordance with KRS 154.12-100(3).

ARTICLE III

AGREEMENT AS TO PROJECT COSTS AND OBLIGATIONS OF SUBLESSEE

SECTION 3.1. Agreement as to Project Costs and Obligations of Sublessee. It is to be understood by and among the parties hereto that the aggregate of all costs of the Project are being funded from the proceeds of the Bonds, and this Sublease is being entered into in order to provide for the subleasing to the Sublessee of the Sublessee's Facilities for the rentals equal to the Sublessee's Rent. It is agreed and acknowledged that, pursuant to the Lease, the Cabinet will lease the Project from the Commission and that the Sublessee's Facilities will be subleased by the Cabinet to the Sublessee.

ARTICLE IV

SUBLEASE OF PORTION OF PROJECT BY SUBLESSEE; INITIAL TERM; OPTIONAL RENEWALS; RENT

Section 4.1. Sublease of Portion of Project By Sublessee; Initial Term; Optional Renewals; Rent. Sublessee hereby leases from the Cabinet, and the Cabinet hereby subleases to Sublessee, all of the properties, facilities and appurtenances constituting the Sublessee's Facilities, as the same are now and may in the future be identified in Exhibit A, attached hereto, for the initial term identified in the Lease. The Sublessee shall have the right and privilege to continue to sublease and have the Sublessee's Facilities for the succeeding biennium and at the conclusion thereof, for succeeding biennial periods in the event Sublessee exercises its option to renew granted herein until the end of the term of this Sublease. Sublessee shall pay or cause to be paid as rent during such period the Sublessee's Rent.

Section 4.2. Option to Renew. The Cabinet hereby grants unto Sublessee exclusive options to renew the Sublease for successive ensuing Renewal Terms, commencing July 1, in each even-numbered year, and ending June 30 in the next ensuing even-numbered year, until the end of the term of this Sublease, the last renewal term of this Sublease ending June 30, 2014; and for each such Renewal Term, if renewed therefor, Sublessee shall become obligated to pay, and hereby agrees that in the event of such renewal it will pay or cause to be paid, to the Cabinet, as Sublessee's Rent for such biennium or the remainder of this Sublease

term, the Sublessee's Rent, secured by amounts budgeted in the general fund budget of the Commonwealth for such purpose.

Section 4.3. Payment. Sublessee hereby grants to the Cabinet the right to debit any moneys of the Sublessee in State accounts by journal voucher or other means for payment in whole or in part, and in advance, of the Sublessee's Rents due hereunder.

Section 4.4. Options Deemed Automatically Exercised; Election Not to Renew. Each of the successive options to renew this Sublease may be exercised by the Sublessee for the succeeding Renewal Term at any time after the adjournment of the Session of the General Assembly of the Commonwealth at which appropriations shall have been made for the operation of the state government for each succeeding Renewal Term by notifying the Cabinet by a writing delivered to the Cabinet; provided, however, that such option shall in each instance be deemed automatically exercised, and this Sublease automatically renewed for the succeeding Renewal Term, effective on the first day thereof, unless a written notice of Sublessee's election not to renew, signed by a duly authorized officer of Sublessee shall have been delivered to the Secretary of the Cabinet before the close of business on the last business day in April, immediately preceding the beginning of such succeeding renewal term.

Section 4.5. Sublease Renewable if Lease Not Renewed. In the event the Cabinet does not renew the Lease pursuant to its terms, this Sublease may nevertheless be renewed and shall be a binding agreement in accordance with its terms during the Renewal Term or appropriate portion thereof by and between the Sublessee and the Commission.

Section 4.6. Additional Rent. The Sublessee covenants and agrees to pay as "Additional Sublessee's Rent" for the term of this Sublease and during any Renewal Term, to the Cabinet, upon demand, all reasonable expenses incurred by the Cabinet in relation to the Project which are not otherwise specifically identified and required to be paid by the Cabinet under the terms of this Sublease.

Section 4.7. Net Lease. It is the intention of the parties that this Sublease be an absolutely net sublease, and that all of the payments made by Sublessee hereunder as Sublessee's Rent be fully available to the Cabinet, and this Sublease shall be construed to effectuate such intent. So long as this Sublease remains in effect, the obligation of Sublessee to pay the amounts provided in this Article 4 shall be absolute and unconditional irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have.

ARTICLE V

EFFECT OF SUBLESSEE'S EXERCISE OF ITS OPTION TO RENEW

Section 5.1. Effect of Sublessee's Exercise of its Option Renew. In the event the Sublessee shall exercise its successive renewal options, either by affirmative notice or

according to the automatic renewal provisions hereinabove set forth, then upon the first day of the biennial Renewal Term for which such option is exercised, Sublessee shall be firmly bound for the entire amount of the Sublessee's Rent becoming due and payable during such Renewal Term, payable from available money of Sublessee, including appropriations made to Sublessee by the General Assembly of Kentucky; provided, however, nothing herein contained shall be construed as binding the Sublessee to pay rentals for more than one biennial Renewal Term at a time.

ARTICLE VI

EFFECT OF SUBLESSEE'S ELECTION NOT TO RENEW

Section 6.1. Effect of Sublessee's Election not to Renew. In the event the Sublessee shall give written notice to the Cabinet of Sublessee's election not to renew this Sublease for any Renewal Term, prior to the automatic renewal hereinabove provided for, Sublessee shall not become obligated to pay Sublessee's Rents beyond the last day of the current biennium and Sublessee shall thereby forfeit all of its future options to renew and shall peacefully surrender to the Cabinet possession of the Sublessee's Facilities on or prior to the last day of the then current biennium; provided, however, an election on the part of Sublessee not to renew beyond any such current biennium shall not in any manner alter or diminish any obligation of Sublessee hereunder for the remaining period of the biennium; and shall not preclude subsequent reinstatement of the Sublease for any future renewal term, if agreed to by the Cabinet upon the same terms and conditions as would have been applicable if the Sublease had been renewed according to the provisions hereof, except that if such reinstatement is sought when one or more installments of Sublessee's Rent for such Renewal Term are overdue and unpaid, it shall be a condition of such reinstatement that such overdue Sublessee's Rent be tendered. Notwithstanding the foregoing, upon any failure by Sublessee to renew this Sublease, the Cabinet may sublease the Sublessee's Facilities to another State Agency.

ARTICLE VII

SUBLESSEE TO HAVE PEACEFUL POSSESSION SO LONG AS THE SUBLEASE IS IN FULL FORCE AND EFFECT

Section 7.1. Sublessee to have Peaceful Possession so Long as the Sublease is in Full Force and Effect. The Cabinet covenants that during the initial term of this Sublease and during each successive optional Renewal Term for which this Sublease may be renewed, if any, provided no event of default shall have occurred and be continuing hereunder, Cabinet shall maintain Sublessee in peaceful possession and enjoyment of the Sublessee's Facilities. Legal title to Sublessee's Facilities may be held by the Commission, the Cabinet, the Sublessee or any other agency or instrumentality of the Commonwealth, in compliance with the statutes and regulations governing legal title to property held by State Agencies.

Section 7.2. Termination of Lease. In the event the Lease by and between the Cabinet and the Commission is terminated for any reason, including, but not limited to default by the Cabinet or a failure of Lessee to renew the Lease, Sublessee may continue to sublease the Sublessee's Facilities pursuant to the terms of this Sublease on the following terms and conditions:

A. So long as the Sublessee remains in compliance with the terms of this Sublease, the Sublessee may continue to use and have the Sublessee's Facilities in accordance with the terms of this Sublease.

B. The Commission shall not be liable to the Sublessee for any act or omission of the Cabinet.

C. The Commission shall not be bound by any amendment or modification of this Sublease made without the consent of the Commission.

D. The Sublessee shall attorn to the Commission.

ARTICLE VIII

SUBLESSEE TO CERTIFY SUFFICIENT AMOUNTS IN APPROPRIATIONS BILLS IN ORDER FOR SUBLEASE PAYMENTS TO BE MADE

Section 8.1. Sublessee to Certify Sufficient Amounts in Appropriations Bills in Order for Sublease Payments to be Made. The Sublessee covenants and agrees that it will, at the time when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth, cause to be included in the appropriations proposed to be made for the Sublessee sufficient amounts (over and above all other requirements of the Sublessee) to enable the Sublessee to make all of the payments to the Cabinet required by this Sublease.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default and Remedies. Each of the following events is hereby defined as and shall constitute an "event of default":

A. default in the due and punctual payment of Sublessee's Rent; or

B. default in the performance of any of the covenants, terms, and conditions of this Sublease, and failure to remedy such default within thirty (30) days after written receipt

thereof if the default relates to matter other than the payment of Sublessee's Rent (but the Sublessee shall not be deemed to be in default if Sublessee commences to remedy said defaults within said thirty (30) day period, and proceeds to and does remedy said default with due diligence).

If an event of default occurs, the Cabinet, in addition to all other remedies given to the Cabinet, at law or in equity, may by written notice to the Sublessee, terminate this Sublease or, without terminating this Sublease, take possession (actually or constructively) of the Sublessee's Facilities. In such event, the Cabinet may sublet the Sublessee's Facilities and in the event of a reletting may apply the rent therefrom first to the payment of expenses incurred by reason of the Sublessee's default, and the expense of reletting, including but not limited to any repairs, renovation or alteration of the Sublessee's Facilities, and then to the payment of the Sublessee's Rent and all other sums due from the Sublessee hereunder. All remedies available to the Cabinet are declared to be cumulative and concurrent.

ARTICLE X

TERMINATION OF SUBLEASE

Section 10.1. Termination of Sublease. Upon the payment in full of all of Sublessee's Rent during the term of this Sublease, this Sublease and all covenants, agreements and other obligations herein shall cease, terminate and become void and be discharged and satisfied. In such event, the Cabinet, upon the request of the Sublessee, shall execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction and the Sublessee's Facilities shall vest in the Sublessee for the use and benefit of the Commonwealth.

ARTICLE XI

TAX COVENANTS

Section 11.1. Tax Covenants. To the full extent that it has the legal right to do so, the Sublessee agrees to all of the provisions of the Bond Resolution authorizing the Bonds; and agrees that it will neither take any action nor omit to take any action which taking or omission would result in the exclusion of the receipt of interest on any of the Bonds from the treatment afforded by Section 103(a) of the Code.

Section 11.2. No Private Activity Bonds. It is agreed that nothing has been done or will be done by either the Cabinet or the Sublessee which will cause the Bonds to be private activity bonds within the meaning of Section 141 of the Code, including performance of any of the covenants contained herein.

Section 11.3. Permitted Private Use. To assure that interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, the Lessee hereby represents and covenants, for the benefit of and reliance on by the Lessor, the Trustee, and the Bondholders, that no portion of the Project shall be used directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public ("private use"), unless the Trustee has received an opinion of nationally recognized bond counsel that such private use will not cause the interest on the Bonds to be includable in gross income for federal income tax purposes; provided the commercial cabinet as Lessee may permit such private use in accordance with the Act and Budget Act.

In the event that private use of any portion of the Project is permitted under the preceding paragraph, the sublessee shall not accept or receive any direct or indirect payments from any person, other than a state or local governmental unit (unless such payment is received from a person) or a member of the general public, unless the Trustee has received an opinion of nationally recognized bond counsel that any such payment will not cause interest on the Bonds to be includable in gross income for federal income tax purposes.

ARTICLE XII

PROVISIONS OF SUBLEASE ARE FOR BENEFIT OF THE HOLDERS OF THE BONDS AS THIRD PARTY BENEFICIARIES

Section 12.1. Provision of Sublease Are for Benefit of the Holders of the Bonds as Third Party Beneficiaries. All of the provisions herein contained are made for the benefit of the Commission and each of the Holders of the Bonds. The Commission and each and all of the Holders of the Bonds and the Trustee on behalf of the Holders of the Bonds have the rights of third party beneficiaries to enforce all of the provisions of the Sublease herein contained; subject, however, to the provisions of the Bond Resolution and the Lease with respect to enforcement of rights.

ARTICLE XIII

SECURITY AND ASSIGNMENT

Section 13.1. Security. This sublease secures (i) the payment of the Sublessee's Rent hereunder and (ii) the payment of the Bonds with interest thereon at the rates per annum borne by the Bonds.

This Sublease is given subject to all of the terms, conditions and provisions of the Bond Resolution issued with respect to the Bonds. In the event that any conflict should exist

between the provisions of this Sublease and the Bond Resolution, the provisions of the Bond Resolution shall prevail.

Section 13.2. Assignment. The Sublessee hereby consents to the assignment by the Cabinet to the Commission, pursuant to the terms of the Lease, of the Cabinet's right, title and interest in and to this Sublease and the Sublessee's Rent payable hereunder and further consents to the assignment by the Commission of the same to the Trustee for the security and benefit of the Holders of the Bonds.

ARTICLE XIV

PROVISIONS OF SUBLEASE ARE SEVERABLE

Section 14.1. Provisions of Sublease are Severable. If any section, paragraph, clause or provision of this sublease shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Sublease.

ARTICLE XV

AMENDMENT OF SUBLEASE

Section 15.1. Amendment of Sublease. This Sublease may be amended or supplemented from time to time by a writing duly executed by the parties hereto; subject, however, to the condition that any such amendment or supplement shall be consistent with the terms and conditions of the Bond Resolution and shall not diminish the Sublessee's Rent payable under the provisions of this Sublease for so long as Bonds are outstanding.

ARTICLE XVI

CANCELLATION OF PRIOR LEASES AND AMENDMENT OF PRIOR LEASE FINANCING AGREEMENT

Section 16.1. Cancellation of Prior Leases and Amendment of Prior Lease Financing Agreement. Upon deposit in the Escrow Fund of the amount required to be deposited therein by the Bond Resolution the lease agreements entered into in connection with the Project No. 40 Bonds, the Project No. 38 Bonds, the Project No. 37 Bonds, the Project No. 36 Bonds, the Project No. 22 Bonds and the Project No. 21 Bonds, shall be cancelled and of no further force and effect, the lease agreements entered into in connection with the Project No. 53 Bonds, the Project No. 52 Bonds, Project No. 51 Bonds, Project No. 50 Bonds, Project No. 49 Bonds, the Project No. 33(a) Bonds and the Project No. 31(3) Bonds, shall be amended as provided herein and the Contract of Lease and Rent (Lease and participation Agreement), dated as of November 1, 1985, by and between the School Facilities Construction Commission as successor

to the Kentucky School Building Authority and the State Department of Education, Bureau of Vocational Education shall be amended by this Sublease, but only to the extent that such amendment would not result in an event of default under or violation of the Series 1985 Bonds, the resolution providing for the issuance thereof and said agreement, and to the extent such amendment would result in an such an event of default or violation, payments hereunder shall first be deemed applied to make payments under said agreement and thereafter under this Sublease.

ARTICLE XVII

TRANSFER OF PROPRIETARY INTEREST

Section 17.1. Transfer of Proprietary Interest. Sublessee hereby agrees to transfer for the term of this Lease to the Lessor all such unencumbered rights and proprietary interest as it may have in the Project.

ARTICLE XVIII

SUBLEASE MAY BE DEEMED A FINANCING AGREEMENT UNDER CERTAIN CIRCUMSTANCES

Section 18.1. Sublease May be Deemed a Financing Agreement under Certain Circumstances. To the extent it shall be determined that this Sublease does not constitute a lease agreement for any purposes of the Act, this Lease shall be deemed to be a financing agreement with the Lessee.

ARTICLE XIX

MISCELLANEOUS

Section 19.1. Table of Contents and Headings are not Part of the Sublease. The Table of Contents and the headings of the Articles hereof shall be solely for convenience of reference and shall not constitute a part of this Sublease, nor shall they affect its meaning, construction or effect.

Section 19.2. Execution of Counterparts. This Sublease may be executed simultaneously in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease by their officers thereunto duly authorized, as of the date and year first above written.

FINANCE AND ADMINISTRATION
CABINET OF THE COMMONWEALTH
OF KENTUCKY, Sublessor

By _____
Secretary

MURRAY STATE UNIVERSITY
Sublessee

By Ronald J. Kurth Ronald J. Kur
Title: President

STATE PROPERTY AND BUILDINGS
COMMISSION OF THE COMMONWEALTH
OF KENTUCKY

By _____
Title: Executive Director



Murray State University

OFFICE OF GENERAL COUNSEL
GROUND FLOOR, POGUE LIBRARY BUILDING
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MURRAY KY 42071-3309
PHONE (502) 762-3834 FAX (502) 762-3471

James O. Overby, General Counsel

October 6, 1993

Commonwealth of Kentucky
State Property and Buildings Commission
Frankfort, Kentucky

Commonwealth of Kentucky
Finance and Administration Cabinet
Frankfort, Kentucky

Hawkins, Delafield & Wood
New York, New York

Ladies and Gentlemen:

STATE PROPERTY AND BUILDINGS COMMISSION
COMMONWEALTH OF KENTUCKY
REVENUE AND REVENUE REFUNDING BONDS,
PROJECT NO. 55, \$414,040,000

I am general counsel for Murray State University (the "Sublessee"), and in such capacity, am familiar with its organization, statutory authority, regulations, agreements and resolutions.

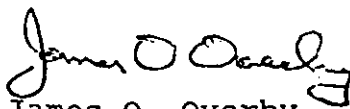
I have examined a copy of the Sublease and Amendment of Prior Lease Financing Agreement dated as of September 1, 1993 (the "Sublease"), between the Finance and Administration Cabinet and the Sublessee relating to the issuance of State Property and Buildings Commission Revenue and Revenue Refunding Bond, Project No. 55 (the "Bonds"). I have also examined records and relevant proceedings of the governing body of Sublessee. Additionally, I have made such other inquiries as I have deemed relevant and necessary.

The Board of Regents has adopted Capital Budget Requests which indicate approval of applicable projects referred to in the bond issue and Sublease. The Sublessee's governing Board memorialized the Board's approval of the Sublessee's Budget Requests. I am informed by my client that the above-referenced bond issue is the source of funding for this project and that the above-referenced

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Sublease is the vehicle for the Commonwealth's financing of applicable projects. Thus, based upon the foregoing, I am of the opinion that the Sublease has been duly authorized, executed and delivered by the Sublessee.

Very truly yours,


James O. Overby

JOO:ctm

New Freshman Admissions

Students will be admitted to Murray State on two levels. The first would be admission to the Baccalaureate level. The second would be at the Associate level.

Freshman Admission to the Baccalaureate Level

Freshman admission to Murray State University is based upon high school rank, national collegiate admissions test results, and successful completion of the required pre-college curriculum. Murray State requires all new freshmen to take the ACT Assessment before enrolling, but will use the Scholastic Aptitude Test (SAT) to determine eligibility for admission.

Students whose test scores (ACT or SAT) and high school rank predict successful academic performance will be admitted, subject to graduation and successful completion of the minimum pre-college curriculum. Notices of admission to MSU are sent to students on a continuous basis throughout the year.

Applicants should keep in mind that admission decisions are based primarily on the probability for academic success, using high school rank and admission test scores together as predictors for academic success. Remediation requirements will apply where needed. These Baccalaureate standards will begin with the 1995 freshman class.

Minimum qualifications:

All students must have the pre-college curriculum. This curriculum changes for the 1995 freshman class.

Residents of Kentucky must also rank in the top 1/2 of their class and score 18 or above on the ACT composite (700 and above on the SAT).

Non-residents must also rank in the top 1/3 of their class and score 18 or above on the ACT composite (700 and above on the SAT). If non-residents rank between the top 1/2 and top 1/3 of their class then they must have an ACT composite score of 22 or above (900 and above SAT).

An applicant who has a high school class rank which is less than the top half (50th percentile) for Kentucky residents, top 1/3 (66th percentile) for non-residents, or scores less than 18 on the ACT or 700 on the SAT or has not completed the pre-college curriculum listed below will not be accepted for admission to the Baccalaureate level of the university. Review the section on Associate level admissions.

Pre-College Curriculum

Murray State University desires that incoming freshmen have the high school preparation necessary for academic success at the college level. To be eligible for admission to Murray State University under the admission policy outlined previously, applicants beginning with the 1995 freshman class must have completed successfully the following high school courses at a minimum:

English I,II,III, and IV
Biology, and Chemistry or Physics
Algebra I,II and Geometry
US History and World Civilization (World History). A non-resident of Kentucky may substitute appropriate Social Science course for World Civilization.

A minimum of 20 units must be completed in high school. In addition, it is strongly recommended that high school students complete at least two years of a foreign language, one additional year of mathematics beyond Algebra II and one year of fine arts.

Freshman Admission to Associate Status

Students whose coursework, class rank or national test scores do not demonstrate the necessary academic background, may be admitted to the Associate Status with restrictions on the courses and level of course work that may be taken.

Residents of Kentucky who take the ACT and either graduate from an accredited high school or present the G. E. D. certificate, will be eligible for admission to the Associate level. Actual admissions will depend on level of demonstrated performance.

Non-residents of Kentucky who graduate from an accredited high school, rank in the top 1/2 of their class and have at least a composite score of 18 on the ACT or 700 on the SAT, will be eligible for Associate level admissions.

All students are required to take the ACT before enrollment.

Students admitted on the Associate level will be required to demonstrate academic competency before being eligible to apply for entrance into the Baccalaureate level. The following applies to all students admitted to the Associate level:

1. They will be advised by the MSU Advising Center and take the designated Orientation Course, IDC 099.
2. They may schedule for up to 15 hours per semester. Sixteen hours may be taken if schedule includes a 4 hour math or science course. Course work is limited to 100 (freshman) and 200 (sophomore) level classes.
3. The courses taken must include:
 - a. IDC 099
 - b. Appropriate remediation in English and mathematics
 - c. REA 120
 - d. English 101 and 102
 - e. IDC 101
 - f. MAT 117 or Mat 120 or Mat 140 or Mat 130 or Mat 135
 - g. A four hour science course with lab
 - h. Other degree credit hours to equal 24 (Remediation courses do not count towards a degree and therefore are not part of the 24 hour block.)
4. They must complete a minimum 24 hours of degree credit with at least a 2.0 grade point average.
5. They will declare a major after acceptance into the

university.

New Transfer Admission Standards

Transfer Admission to the Baccalaureate Level

New transfer students will be admitted to the Baccalaureate level who meet the following minimum standards:

1. A 2.0 cumulative grade point average on a 4.0 scale.
2. A minimum of 24 semester hours of degree credit earned at an accredited institution. Those students who have fewer than 24 hours who meet the freshman admission standards for baccalaureate level may also be admitted.

Transfer Admission to the Associate Level

New transfer students who do not meet the standards for admission to the Baccalaureate level may be admitted on the Associate level. Non-resident students must have at least a 2.0 to be admitted. Resident students with less than a 2.0 will be considered on an individual basis with consideration based on length of time away from higher education, colleges attended, high school record and other factors.

Admission Standards

Baccalaureate Degree

A. Pre-College Curriculum

The policy on pre-college curriculum is mandated by the CHE and strongly supported by Murray State University. The entire pre-college curriculum is listed in the proposal. The changes are:

1. Biology and Chemistry or Physics instead of Biology or Chemistry or Physics and one science elective.
2. Algebra 1, Algebra 11, and Geometry instead of Algebra 1 or Algebra 11 and Geometry and one mathematics elective.

New Policy	<u>All</u> students must have pre-college curriculum. MSU can admit by exception 5% of our Baccalaureate students without the pre-college curriculum.
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Old Policy	MSU could admit by exception 20% of our Baccalaureate students without the pre-college curriculum.
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B. Rank in class and ACT

This policy is mandated by Murray State University. The CHE requires that students graduate from an accredited high school and complete the pre-college curriculum.

New Policy	Resident students with a composite ACT of at least 18 must rank in the top 1/2 of their class. Non-resident students with a composite ACT of at least 18 (700 on the SAT) must rank in the top 1/3 of their class. Non-residents who rank between the top 1/2 and 1/3 of their class must score 22 or higher on the ACT (900 or higher on the SAT). Basically the same as the old policy after the section on rank was amended by the Board.
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Old Policy	Resident students must rank in the top 1/2 or score at least an 18 on the ACT. Non-residents must rank in the top 1/3 of their class with at least an 18 on the ACT. Basically the same after amended by the Board.
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Admission Standards

Preparatory

New Policy

Is not an option. We have deleted this status.

Old Policy

Residents of Kentucky who did not complete the pre-college curriculum or rank in the top 1/2 of their class and their ACT scores indicated substantial remediation would be needed. These students could only take 13 hours of credit.

Admission Standards

Associate Degree

A. Pre-College Curriculum

This policy is mandated by the CHE and supported by MSU. The CHE policy also states that students without the pre-college curriculum must remediate that deficiency during the first year of enrollment.

New Policy	Pre-college curriculum not required. However students must follow the curriculum prescribed in the new policy to remove deficiencies. (See Attachment)
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Old Policy	Pre-college curriculum not required. However, students that do not complete the curriculum must complete deficiencies during their first year of enrollment at MSU.
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B. Rank in class and ACT

This policy is mandated by Murray State University. The CHE only requires that students graduate from an accredited high school or complete the GED.

New Policy	Residents of Kentucky who take the ACT and either graduate from an accredited high school or present the GED certificate will be eligible for restricted admissions. Non-residents must rank in the top 1/2 of their class and have at least a composite score of 18 on the ACT. Students must follow prescribed curriculum. (See attachment)
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Old Policy	Same as above except that it states that ACT scores should indicate probability of success without substantial remediation, and there is no prescribed curriculum.
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