

STATE OF SOUTH CAROLINA
WINTHROP UNIVERSITY

A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING
THREE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$3,400,000)
OF GENERAL OBLIGATION STATE INSTITUTION BONDS
FOR WINTHROP UNIVERSITY PURSUANT TO CHAPTER 107, TITLE 59,
CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

February 15, 2013

TABLE OF CONTENTS

Section 1.	Findings of Fact.....	1
Section 2.	Application for Issuance of State Institution Bonds.....	2
Section 3.	Tuition Fees Received in Previous Fiscal Year.....	2
Section 4.	Current Schedule of Tuition Fees.....	2
Section 5.	Maturity Schedule for Bonds	2
Section 6.	Debt Service on Outstanding State Institution Bonds	2
Section 7.	Debt Service on Outstanding Bonds Including Bonds Authorized Hereby	2
Section 8.	Request for Issuance of Bonds and Bond Anticipation Notes.....	2
Section 9.	Covenant to Impose Tuition Fees Sufficient to Pay Bonds.....	3
Section 10.	Tax Covenants	3
Section 11.	Secretary to Present Resolution to State Board.....	4
Section 12.	Execution of Closing Documents and Certificates.....	4
Section 13.	Reimbursement Declaration	4
Section 14.	Law and Place of Enforcement of this Resolution	5
Section 15.	Effect of Section Headings.....	5
Section 16.	Repeal of Inconsistent Resolutions	5
Section 17.	Effectiveness of this Resolution	5
<u>Exhibit A</u>	Schedule of Tuition and Fees.....	A-1
<u>Exhibit B</u>	<i>Pro Forma</i> Debt Service Table.....	B-1
<u>Exhibit C</u>	Debt Service Requirements on Outstanding Debt.....	C-1
<u>Exhibit D</u>	Combined Debt Service Table	D-1
<u>Exhibit E</u>	Proof of Compliance	E-1

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CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF WINTHROP UNIVERSITY IN A MEETING DULY ASSEMBLED:

SECTION 1. Findings of Fact. As an incident to the adoption of this Resolution, the Board of Trustees of Winthrop University (the "Board of Trustees"), the governing body of Winthrop University (the "University") hereby finds and determines as follows:

(a) This Resolution is adopted by the Board of Trustees pursuant to Title 59, Chapter 107, Code of Laws of South Carolina, 1976, as amended (the "Enabling Act").

(b) Pursuant to Section 59-107-40 of the Enabling Act, the Board of Trustees is authorized to make application to the South Carolina State Budget and Control Board (the "State Board") for funds: (i) to construct, reconstruct, maintain, improve, furnish, and refurnish the buildings of and other permanent improvements to the University; (ii) to defray the costs of acquiring or improving land needed as sites for such improvements or for the campus of the University; and (iii) to reimburse the University for expenses incurred in anticipation of the issuance of such bonds.

(c) The Board of Trustees has determined to undertake improvements to (i) up-fit the Fire Alarm systems in various campus buildings at an estimated cost of \$940,000 (the "Fire Alarm Systems Project"); (ii) repair roofs on several campus buildings at an estimated cost of \$875,000 (the "Roof Project II"); (iii) repurpose the Facilities Management Building to accommodate College of Visual and Performing Arts' Studios at an estimated cost of \$575,000 (the "CVPA Studios Project"), and (iv) upgrade energy management system jace panels, repair bathrooms, upgrade handicap access, and address other minor facilities renewal needs in several campus buildings at an estimated cost of \$900,000 (the "Facilities Renewal Project"), collectively referred to as "the Projects".

(d) The University projects that the total costs of the Projects as described above will not exceed \$3,400,000. The Board of Trustees, in order to fund the projected costs of the Projects, and having exhausted all other sources, now desires to make application to the State Board to issue not exceeding Three Million Four Hundred Thousand Dollars (\$3,400,000) principal amount State Institution Bonds (Issued on Behalf of Winthrop University) of the State of South Carolina (the "Bonds") pursuant to the Enabling Act, on the basis that a definite and immediate need exists for acquiring, constructing, maintaining, improving, and furnishing the Projects, and therefore for issuing such Bonds. The proceeds of the Bonds shall be applied to defray a portion of the costs of the Projects and to pay the costs of issuance of the Bonds.

(e) Accordingly, this Resolution is adopted pursuant to Section 59-107-40 of the Enabling Act, in order to make formal application to the State Board for the issuance of the Bonds, the proceeds of which will be used for the purposes set forth in paragraph (d) of this Section 1.

SECTION 2. Application for Issuance of State Institution Bonds. The Board of Trustees hereby makes formal application to the State Board for funds through the issuance of the Bonds pursuant to the provisions of the Enabling Act, in order that the proceeds thereof may be used for the purposes set forth in paragraph (d) of Section 1 hereof.

SECTION 3. Tuition Fees Received in Previous Fiscal Year. Based on tuition fees as defined in the Enabling Act and as described in Section 4 below, for fiscal year July 1, 2011 through June 30, 2012, tuition fees available to pay debt service on State Institution Bonds amounted to the sum of \$6,256,940. It is presently anticipated that the aggregate sum of such tuition fees to be received by the University and available to pay debt service on State Institution Bonds for fiscal year July 1, 2012 through June 30, 2013 will not be less than \$5,905,230.

SECTION 4. Current Schedule of Tuition Fees. The schedule of tuition fees, as defined in the Enabling Act and as now in effect at the University, is as set forth as Exhibit A to this Resolution, which schedule is hereby reaffirmed and approved.

SECTION 5. Maturity Schedule for Bonds. The suggested maturity schedule for the Bonds requested to be issued pursuant to this Resolution is set forth as Exhibit B to this Resolution. Said Exhibit B assumes that the principal amount of the Bonds will be Three Million Four Hundred Thousand Dollars (\$3,400,000).

SECTION 6. Debt Service on Outstanding State Institution Bonds. A statement showing all State Institution Bonds heretofore issued on behalf of the University now outstanding and not defeased, together with the annual interest and principal payments to become due thereon, is set forth as Exhibit C to this Resolution.

SECTION 7. Debt Service on Outstanding Bonds Including Bonds Authorized Hereby. A table showing debt service on all State Institution Bonds to be outstanding for the University following the issuance of the Bonds (at an assumed principal amount of the Bonds of Three Million Four Hundred Thousand Dollars (\$3,400,000) and at prevailing rates of interest) is set forth as Exhibit D to this Resolution. Upon the issuance of the Bonds, the maximum annual debt service on all State Institution Bonds secured by tuition fees of the University may not be greater than 90% of the tuition fees received by the University for the preceding fiscal year.

A calculation establishing the right of the University to seek the issuance of Bonds to the extent set forth in this Resolution is set forth as Exhibit E to this Resolution.

SECTION 8. Request for the Issuance of Bonds and Bond Anticipation Notes.

(a) The State Board is requested to make the findings required by the Enabling Act and to request the Governor and the State Treasurer to provide for the issuance of the Bonds by the State of South Carolina (the "State"). If the State Treasurer should determine that all or a portion of the proceeds needed to defray the costs of the Projects should be funded by the issuance of bond anticipation notes (the "Notes") pursuant to Chapter 17, Title 11 of the Code of Laws of South Carolina 1976, as amended (the "BAN Act") rather than the Bonds and that the issuance of the Notes would be in the best interest of the State under prevailing market conditions or, in light of the subsequent borrowings necessary to finance the completion of the Projects, would be more efficient than issuing Bonds at this time, the Governor and the State Treasurer are further requested to effect the issuance of Notes pursuant to the BAN Act. If Notes are issued and if, upon maturity thereof, the State Treasurer should determine that further issuance of Notes rather than the Bonds would be in the best interest of the State under the prevailing market conditions, the Governor and State Treasurer are requested to continue the issuance of Notes, in a principal amount not to exceed \$3,400,000 until the State Treasurer and the Governor determine to issue the Bonds on the basis as aforesaid, and the Bonds are issued.

(b) The Board of Trustees hereby covenants and agrees that the University will, and hereby directs the President and the Vice President for Finance and Business of the University to deposit and designate sufficient tuition fees during each fiscal year to satisfy the requirement that debt service on all State Institution Bonds issued on behalf of the University (including the Bonds herein requested) shall not exceed 90% of such tuition fees so deposited and designated. The President and the Vice President for Finance and Business are hereby authorized and directed to certify the amount so deposited and designated to the State Board. In the event the Bonds herein requested are delivered in a fiscal year subsequent to the fiscal year in which this Resolution is adopted, the request herein made is expressly conditioned on such certification being made and showing that debt service on all State Institution Bonds issued on behalf of the University (including the Bonds herein requested) does not exceed 90% of such tuition fees so deposited and designated.

SECTION 9. Covenant to Impose Tuition Fees Sufficient to Pay Bonds. The Board of Trustees hereby covenants and agrees that the schedule of tuition fees now in effect at the University will be revised from time to time and whenever necessary in order to provide the annual principal and interest requirements of all State Institution Bonds now or hereafter to be outstanding, which have been or will be issued on behalf of the University.

SECTION 10. Tax Covenants.

(a) Federal Guarantee Prohibition. The University shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder (the “Regulations”).

(b) Private Business Limitation. The University shall ensure that (i) not in excess of ten percent of the amount actually or constructively received from the sale of the Bonds, together with the investment earnings thereon (“Net Proceeds”), is 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 Business Use”), if, in addition, the payment of more than ten percent of the principal or ten percent of the interest due on the Bonds during the term thereof is, under the terms thereof or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the State, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (a) in excess of five percent of the Net Proceeds are used for a Private Business Use, and (b) an amount in excess of five percent of the principal or five percent of the interest due on the Bonds during the term thereof is, under the terms thereof or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the State, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent of Net Proceeds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of a portion of the facilities financed with the proceeds of the Bonds and shall not exceed the proceeds used for the governmental use of the portion of the undertaking to which such Private Business Use is related.

(c) Private Loan Limitation. The University shall ensure that not in excess of the lesser of (i) \$5,000,000 or (ii) 5% of the Net Proceeds of the Bonds will be used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

(d) No Arbitrage. The University represents that it does not expect any portion of the proceeds of the Bonds to be used directly or indirectly to acquire higher yielding investments, or to replace funds which were used directly or indirectly to acquire higher yielding investments for other than a “temporary period” as defined in the Code and the Regulations. The University further covenants that it will not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments. In making the foregoing representation and covenant, the University understands and intends that words or phrases contained herein have meanings provided therefor under Section 148 of the Code and under the Regulations.

SECTION 11. Secretary to Present Resolution to State Board. The Secretary to the Board of Trustees is hereby directed to present a certified copy of this Resolution, together with the Exhibits and the certification required by Section 8 to this Resolution, to the State Board as evidence of the Board of Trustees’ formal request for the issuance of the Bonds on behalf of the University, and as evidence that all conditions precedent to the issuance of such Bonds have been met prior to the issuance of the Bonds. The date of application for purposes of the Enabling Act shall be such date as the complete application, including a certified copy of this Resolution and the certification required by Section 8 of this Resolution, is submitted to the State Board.

SECTION 12. Execution of Closing Documents and Certificates. The Chairman of and the Secretary to the Board of Trustees, and all other officers of the University, are fully authorized and empowered to take such further action and to execute and deliver such closing documents as may be necessary and proper in order to complete the borrowing herein authorized and the action of such officers or any one or more of them in executing and delivering any of such documents in such form as he or they shall approve, is hereby fully authorized. In particular, such officers of the University are authorized to abide by covenants made by or on behalf of the State Board in connection herewith relating to Sections 9 and 10 hereof or relating to Rule 15c2-12 of the United States Securities and Exchange Commission or relating to Section 11-1-85 of the Code of Laws of South Carolina, 1976, as amended.

SECTION 13. Reimbursement Declaration. The University hereby declares its intention to reimburse itself for a portion of the costs of the Projects with the proceeds of the Bonds or the Notes, as the case may be, requested to be issued herein. To that end, the Board of Trustees determines and declares as follows:

(a) no funds from any sources other than the Bonds or the Notes, as the case may be, are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the University pursuant to the budget or financial policies of the University for the financing of the portion of the costs of acquisition, construction, and equipping of the Projects to be funded with the Bonds or the Notes, as the case may be;

(b) the University reasonably expects that all or a portion of the expenditures incurred for the Projects and the issuance of the Bonds or the Notes, as the case may be, will be paid prior to the issuance of the Bonds or the Notes, as the case may be;

(c) the University intends and reasonably expects to reimburse itself for all such expenditures paid by it with respect to the Projects prior to the issuance of the Bonds or the Notes, as the case may be, from the proceeds of the Bonds or the Notes, as the case may be, and such intention is consistent with the budgetary and financial circumstances of the University;

(d) all of the costs to be paid or reimbursed from the proceeds of the Bonds or the Notes, as the case may be, will be for costs incurred in connection with the issuance of the Bonds or the Notes, as the case may be, or will, at the time of payment thereof, be properly chargeable to the capital account of

the Projects (or would be so chargeable with a proper election) under general federal income tax principles; and

(e) this Resolution shall constitute a declaration of official intent under United States Department of the Treasury Regulation Section 1.150-2.

SECTION 14. Law and Place of Enforcement of this Resolution. This Resolution shall be construed and interpreted in accordance with the laws of the State. All suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in the State.

SECTION 15. Effect of Section Headings. The heading or titles of the several Sections hereof are solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

SECTION 16. Repeal of Inconsistent Resolutions. All resolutions of the Board of Trustees, and any part of any resolution, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

SECTION 17. Effectiveness of this Resolution. This Resolution shall become effective upon its adoption.

Done in meeting duly assembled this 15th day of February, 2013.

**BOARD OF TRUSTEES OF WINTHROP
UNIVERSITY**

(SEAL)

Chairman

Attest:

Secretary

EXHIBIT A

WINTHROP UNIVERSITY
SCHEDULE OF TUITION FEES IN EFFECT FOR PURPOSES OF
SECTION 59-107-10 ET SEQ., CODE OF LAWS OF
SOUTH CAROLINA 1976, AS AMENDED

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate		
Full-Time ¹	\$ 6,513	\$ 12,238
Part-Time ²	543	1,020
Graduate		
Full-Time ¹	\$ 6,270	\$ 11,726
Part-Time ²	526	980

¹ Per Semester.

² Per Credit Hour.

For the fiscal year ended June 30, 2012, the amount of receipts designated as tuition for state institution bonds purposes was the sum of \$6,256,940.73. The tuition and fees generated for the 2012 summer term are not included.

EXHIBIT B

WINTHROP UNIVERSITY
PRO-FORMA DEBT SERVICE REQUIREMENTS OF
NOT EXCEEDING \$3,400,000 STATE OF SOUTH CAROLINA
GENERAL OBLIGATION STATE INSTITUTION BONDS,
COMPUTED AT PREVAILING RATES OF INTEREST

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
June 30, 2014	\$ 270,000.00	\$ 55,464.98	\$ 325,464.98
June 30, 2015	265,000.00	58,563.26	323,563.26
June 30, 2016	270,000.00	56,257.76	326,257.76
June 30, 2017	270,000.00	53,422.76	323,422.76
June 30, 2018	275,000.00	50,101.76	325,101.76
June 30, 2019	275,000.00	46,279.26	321,279.26
June 30, 2020	280,000.00	41,961.76	321,961.76
June 30, 2021	285,000.00	37,061.76	322,061.76
June 30, 2022	290,000.00	31,404.50	321,404.50
June 30, 2023	300,000.00	24,966.50	324,966.50
June 30, 2024	305,000.00	17,526.50	322,526.50
June 30, 2025	315,000.00	9,261.00	324,261.00
Total	<u>\$ 3,400,000.00</u>	<u>\$ 482,271.80</u>	<u>\$ 3,882,271.80</u>

COMPOSITE DEBT SERVICE REQUIREMENTS
ON ALL STATE INSTITUTION BONDS
ISSUED BY THE STATE OF SOUTH CAROLINA
ON BEHALF OF WINTHROP UNIVERSITY

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
June 30, 2013	\$ 2,880,000.00	\$ 2,091,260.01	\$ 4,971,260.01
June 30, 2014	2,935,000.00	2,054,241.26	4,989,241.26
June 30, 2015	3,015,000.00	1,954,128.76	4,969,128.76
June 30, 2016	3,105,000.00	1,829,403.76	4,934,403.76
June 30, 2017	3,240,000.00	1,700,572.50	4,940,572.50
June 30, 2018	3,385,000.00	1,553,472.50	4,938,472.50
June 30, 2019	3,565,000.00	1,399,097.50	4,964,097.50
June 30, 2020	3,720,000.00	1,236,585.00	4,956,585.00
June 30, 2021	3,910,000.00	1,066,485.00	4,976,485.00
June 30, 2022	3,830,000.00	884,128.76	4,714,128.76
June 30, 2023	3,305,000.00	706,322.50	4,011,322.50
June 30, 2024	3,445,000.00	573,770.00	4,018,770.00
June 30, 2025	3,355,000.00	434,838.76	3,789,838.76
June 30, 2026	2,235,000.00	293,748.76	2,528,748.76
June 30, 2027	1,850,000.00	199,686.26	2,049,686.26
June 30, 2028	1,940,000.00	122,381.26	2,062,381.26
June 30, 2029	965,000.00	39,806.26	1,004,806.26
Total	<u>\$ 50,680,000.00</u>	<u>\$ 18,139,928.85</u>	<u>\$ 68,819,928.85</u>

EXHIBIT D

SCHEDULE SHOWING PRO-FORMA TOTAL PRINCIPAL AND INTEREST REQUIREMENTS OF
ALL GENERAL OBLIGATION STATE INSTITUTION BONDS
ISSUED BY THE STATE OF SOUTH CAROLINA
ON BEHALF OF WINTHROP UNIVERSITY
INCLUDING THE PROPOSED ISSUE OF
THREE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$3,400,000)
OF GENERAL OBLIGATION STATE INSTITUTION BONDS
COMPUTED AT PREVAILING RATES OF INTEREST

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
June 30, 2013	\$ 2,880,000.00	\$ 2,091,260.01	\$ 4,971,260.01
June 30, 2014	3,205,000.00	2,109,706.23	5,314,706.23
June 30, 2015	3,280,000.00	2,012,692.00	5,292,692.00
June 30, 2016	3,375,000.00	1,885,661.50	5,260,661.50
June 30, 2017	3,510,000.00	1,753,995.26	5,263,995.26
June 30, 2018	3,660,000.00	1,603,574.26	5,263,574.26
June 30, 2019	3,840,000.00	1,445,376.76	5,285,376.76
June 30, 2020	4,000,000.00	1,278,546.76	5,278,546.76
June 30, 2021	4,195,000.00	1,103,546.76	5,298,546.76
June 30, 2022	4,120,000.00	915,533.26	5,035,533.26
June 30, 2023	3,605,000.00	731,289.00	4,336,289.00
June 30, 2024	3,750,000.00	591,296.50	4,341,296.50
June 30, 2025	3,670,000.00	444,099.76	4,114,099.76
June 30, 2026	2,235,000.00	293,748.76	2,528,748.76
June 30, 2027	1,850,000.00	199,686.26	2,049,686.26
June 30, 2028	1,940,000.00	122,381.26	2,062,381.26
June 30, 2029	965,000.00	39,806.26	1,004,806.26
Total	<u>\$ 54,080,000.00</u>	<u>\$ 18,622,200.60</u>	<u>\$ 72,702,200.60</u>

WINTHROP UNIVERSITY
PROOF SHOWING COMPLIANCE WITH
TITLE 59, CHAPTER 107, SOUTH CAROLINA CODE OF LAWS 1976, AS AMENDED

Aggregate of tuition fees received by the University during preceding fiscal year ended June 30, 2012	\$6,256,940
Multiplied by	90%
Produces	\$5,631,246
Maximum annual debt service on all State Institution Bonds of the University (including the proposed issue of not exceeding Three Million Four Hundred Thousand Dollars (\$3,400,000) General Obligation State Institution Bonds issued on behalf of the University)	\$5,314,706
	<hr/>
Margin	\$ 316,540

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

CERTIFIED COPY OF RESOLUTION

I, the undersigned, Secretary to the Board of Trustees of Winthrop University (the “Board”), the governing body of Winthrop University (the “University”), hereby certify that:

1. I am the duly elected Secretary to the Board and the recorder and custodian of its official records.

2. Attached hereto is a true and correct copy of a resolution duly adopted by the Board at a meeting of the Board duly called and held on February 15, 2013 (the “Resolution”), notice of which meeting was duly, timely and properly given and at which meeting a quorum of the members of the Board was present and acting throughout.

3. (a) As required by Section 30-4-80 of the Code of Laws of South Carolina, 1976, as amended (the “Code”), the notice of call for the February 15, 2013 meeting of the Board was posted on the bulletin board at the office of the Board at least 24 hours prior to the meeting and furnished to area newspapers and area radio and television stations one week prior to the meeting, and (b) as required by Section 30-4-60 of the Code, the meeting of the Board on February 15, 2013 was open to the public except those portions allowed to be held in closed session under Section 30-4-70 of the Code.

4. As of the date hereof, the Resolution has not been amended, modified or revoked and remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the University as of this ____ day of February, 2013.

(SEAL)

Secretary to the Board of Trustees of
Winthrop University