

STATE OF SOUTH CAROLINA
WINTHROP UNIVERSITY

A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING
TWENTY SIX MILLION DOLLARS (\$26,000,000)
OF GENERAL OBLIGATION STATE INSTITUTION REFUNDING BONDS
FOR WINTHROP UNIVERSITY
PURSUANT TO CHAPTER 21, TITLE 11 AND CHAPTER 107, TITLE 59,
CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.

October 16, 2015

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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 MEETING DULY ASSEMBLED:

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

(a) This Resolution is adopted by the Board of Trustees pursuant to Chapter 21, Title 11 and Chapter 107, Title 59, Code of Laws of South Carolina, 1976, as amended (together, 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 Fiscal Accountability Authority (the "State Authority") for the issuance of General Obligation State Institution Bonds ("State Institution Bonds"), the proceeds of which may be used: (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; (iii) to reimburse the University for expenses incurred in anticipation of the issuance of such bonds; and (iv) to refund State Institution Bonds heretofore issued for the University and which are presently outstanding.

(c) By the provisions of the Enabling Act, the State and its agencies are permitted to issue general obligation bonds for the purpose of refunding any of their outstanding general obligation bonds in such amounts as shall be required therefor.

(d) A review of debt service requirements with respect to currently outstanding State Institution Bonds issued on behalf of the University and prevailing market conditions indicates that substantial debt service savings would be achieved through the refunding of portions or all of certain presently outstanding State Institution Bonds issued on behalf of the University, including without limitation: portions or all of the now outstanding principal maturities of the originally issued \$17,000,000 General Obligation State Institution Bonds (Issued on Behalf of Winthrop University), Series 2005B (the "Series 2005B Refunded Bonds"); portions or all of the now outstanding principal maturities of the originally issued \$6,500,000 General Obligation State Institution Bonds (Issued on Behalf of Winthrop University), Series 2006A (the "Series 2006A Refunded Bonds"); portions or all of the now outstanding principal maturities of the originally issued \$14,000,000 General Obligation State Institution Bonds (Issued on Behalf of Winthrop University), Series 2008B (the "Series 2008B Refunded Bonds"); and portions or all of the now outstanding principal maturities of the originally issued \$13,850,000 General Obligation State Institution Bonds (Issued on Behalf of Winthrop University), Series 2009A (the "Series 2009A Refunded Bonds, and, together with the Series 2005B Refunded Bonds, 2006A Refunded Bonds, and the Series 2008B Refunded Bonds, the "Refunded Bonds"). The amount of the Refunded Bonds to be refunded does not exceed the aggregate principal amount of the Refunded Bonds now outstanding. At the present time, the outstanding principal amount of the Refunded Bonds which is being considered is the sum of \$23,700,000. However, such amount may be decreased

at the discretion of the State Treasurer in order to maximize the savings effected by the issuance of the Bonds, based upon market conditions at the time of the sale of the bonds authorized hereby.

(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 Authority for the issuance of not exceeding Twenty Six Million Dollars (\$26,000,000) principal amount General Obligation State Institution Refunding Bonds (Issued on Behalf of Winthrop University) of the State of South Carolina (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 Authority 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. Use of Proceeds. All of the proceeds of the proposed issue of the Bonds will be applied for the purposes set forth in paragraph (d) of Section 1 hereof and to pay the costs of issuance of the Bonds.

SECTION 4. Tuition Fees Received in Previous Fiscal Year. The aggregate sum received by the University from tuition fees available to pay debt service on State Institution Bonds for the preceding fiscal year July 1, 2014 through June 30, 2015 is not less than \$6,133,837.

SECTION 5. 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 A to this Resolution.

SECTION 6. 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 B to this Resolution, which schedule is hereby reaffirmed and approved.

SECTION 7. Maturity Schedule for Bonds. The suggested maturity schedule for the Bonds requested to be issued pursuant to this Resolution is set forth as Exhibit C to this Resolution. Said Exhibit C assumes that the principal amount of the Bonds will be Twenty Six Million Dollars (\$26,000,000). The actual principal amount of the Bonds may be lower depending on market conditions at the time of the sale thereof.

SECTION 8. 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 Twenty Six Million Dollars (\$26,000,000) 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 will not be greater than 90% of the tuition fees received by the University for the fiscal year ended June 30, 2015. The Board of Trustees hereby covenants and agrees that the University will, and hereby directs the President and the Secretary 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) not exceed 90% of such tuition fees so deposited and designated. The President and Secretary are hereby authorized and directed to certify the amount so deposited and designated to the State Authority. In the event the Bonds herein requested are delivered in a subsequent fiscal year, 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.

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 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 Authority. 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 Authority 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 Authority.

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

SECTION 14. 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 15. 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 16. Effectiveness of this Resolution. This Resolution shall become effective upon its adoption.

Done in meeting duly assembled this 16th day of October, 2015.

BOARD OF TRUSTEES
OF WINTHROP UNIVERSITY

(SEAL)

Chair

Attest:

Secretary

EXHIBIT A

COMPOSITE DEBT SERVICE REQUIREMENTS
AS OF DECEMBER 1, 2015
ON ALL STATE INSTITUTION BONDS
ISSUED BY THE STATE OF SOUTH CAROLINA
ON BEHALF OF WINTHROP UNIVERSITY

Fiscal Year Ending	Existing Debt Service		Total Debt Service
	Principal	Interest	
June 30, 2016	\$ 3,105,000	\$ 970,027	\$ 4,075,027
June 30, 2017	3,455,000	1,806,923	5,261,923
June 30, 2018	3,610,000	1,651,023	5,261,023
June 30, 2019	3,800,000	1,487,448	5,287,448
June 30, 2020	3,965,000	1,315,335	5,280,335
June 30, 2021	4,165,000	1,135,235	5,300,235
June 30, 2022	4,095,000	941,154	5,036,154
June 30, 2023	3,585,000	749,723	4,334,723
June 30, 2024	3,740,000	602,795	4,342,795
June 30, 2025	3,660,000	450,389	4,110,389
June 30, 2026	2,550,000	298,474	2,848,474
June 30, 2027	1,850,000	199,686	2,049,686
June 30, 2028	1,940,000	122,381	2,062,381
June 30, 2029	965,000	39,806	1,004,806
Total	<u>\$ 44,485,000</u>	<u>\$ 11,770,397</u>	<u>\$ 56,255,397</u>

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	\$7,078	\$13,702
Full-Time ¹	590	1,142
Part-Time ²		
Graduate		
Full-Time ¹	\$6,914	\$13,319
Full-Time Grad Certification ¹	6,914	10,455
Part-Time ²	579	1,114
Part-Time Certification ²	579	872

¹Per Semester.

²Per Credit Hour.

For the fiscal year ended June 30, 2015, the amount of receipts designated as tuition for state institution bonds purposes was not less than \$6,133,837. The tuition and fees generated for the 2015 summer term are not included.

The maximum principal and interest debt service payment prior to the issuance contemplated herein is \$5,300,235, which occurs in the fiscal year ending June 30, 2021.

The maximum principal and interest debt service payment after the issuance contemplated herein is anticipated to be \$5,297,219, which is anticipated to occur in the fiscal year ending June 30, 2021.

WINTHROP UNIVERSITY
 PRO-FORMA DEBT SERVICE REQUIREMENTS OF
 NOT EXCEEDING \$26,000,000 STATE OF SOUTH CAROLINA
 GENERAL OBLIGATION STATE INSTITUTION REFUNDING BONDS,
 AT PREVAILING RATES OF INTEREST

Fiscal Year Ending	Refunding Debt Service		Total Debt Service
	Principal	Interest	
June 30, 2016	\$ -	\$ 82,954	\$ 82,954
June 30, 2017	500,000	497,724	997,724
June 30, 2018	500,000	495,574	995,574
June 30, 2019	845,000	491,824	1,336,824
June 30, 2020	2,150,000	483,459	2,633,459
June 30, 2021	2,190,000	457,444	2,647,444
June 30, 2022	2,200,000	425,689	2,625,689
June 30, 2023	2,365,000	389,169	2,754,169
June 30, 2024	2,410,000	345,653	2,755,653
June 30, 2025	2,455,000	297,453	2,752,453
June 30, 2026	2,510,000	245,898	2,755,898
June 30, 2027	2,565,000	190,427	2,755,427
June 30, 2028	2,625,000	130,919	2,755,919
June 30, 2029	2,685,000	67,394	2,752,394
Total	<u>\$ 26,000,000</u>	<u>\$ 4,601,576</u>	<u>\$ 30,601,576</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 BONDS
AT PREVAILING RATES OF INTEREST AND
AFTER GIVING EFFECT TO THE DEFEASANCE OF THE REFUNDED BONDS

Fiscal Year Ending	Existing Debt Service		Debt Service on the Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
June 30, 2016	\$ 3,105,000	\$ 475,178	\$ -	\$ 82,954	\$ 3,663,132
June 30, 2017	3,135,000	817,225	500,000	497,724	4,949,949
June 30, 2018	3,280,000	674,525	500,000	495,574	4,950,099
June 30, 2019	2,780,000	524,975	845,000	491,824	4,641,799
June 30, 2020	2,240,000	394,525	2,150,000	483,459	5,267,984
June 30, 2021	2,365,000	284,775	2,190,000	457,444	5,297,219
June 30, 2022	2,220,000	167,550	2,200,000	425,689	5,013,239
June 30, 2023	510,000	56,175	2,365,000	389,169	3,320,344
June 30, 2024	530,000	34,900	2,410,000	345,653	3,320,553
June 30, 2025	305,000	15,550	2,455,000	297,453	3,073,003
June 30, 2026	315,000	4,725	2,510,000	245,898	3,075,623
June 30, 2027	-	-	2,565,000	190,427	2,755,427
June 30, 2028	-	-	2,625,000	130,919	2,755,919
June 30, 2029	-	-	2,685,000	67,394	2,752,394
Total	<u>\$ 20,785,000</u>	<u>\$ 3,450,103</u>	<u>\$ 26,000,000</u>	<u>\$ 4,601,576</u>	<u>\$ 54,836,679</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, 2015	\$6,133,837
Multiplied by	90%
Produces	\$5,520,453
Maximum annual debt service on all State Institution Bonds of the University (including the proposed issue of not exceeding \$25,700,0000, after giving effect to the defeasance of \$23,700,000 principal amount of General Obligation State Institution Bonds issued on behalf of the University)	<u>\$5,297,219</u>
Margin	\$ 223,235

