

STATE OF SOUTH CAROLINA
LANDER UNIVERSITY

A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING TEN
MILLION DOLLARS (\$10,000,000) OF GENERAL OBLIGATION
STATE INSTITUTION REFUNDING BONDS ON BEHALF OF
LANDER UNIVERSITY PURSUANT TO CHAPTER 107, TITLE 59,
OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS
AMENDED

July 20, 2016

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A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000) OF GENERAL OBLIGATION STATE INSTITUTION REFUNDING BONDS ON BEHALF OF LANDER UNIVERSITY PURSUANT TO CHAPTER 107, TITLE 59, OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

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

SECTION 1. Findings of Fact. As an incident to the adoption of this Resolution, the Board of Trustees for Lander University (the "Board of Trustees"), the governing body of Lander 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 (the "Enabling Act"), and Article 5, Chapter 15, Title 11 as amplified by Chapter 21, Title 11 (the "Refunding Act") of the Code of Laws of South Carolina 1976, as amended (the Enabling Act and the Refunding Act, together, the "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, successor to the South Carolina Budget and Control Board (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 Act, the State and its institutions 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 (1) the originally issued \$10,000,000 General Obligation State Institution Bonds (Issued on Behalf of Lander University), Series 2004B, and (2) the originally issued \$8,000,000 General Obligation State Institution Bonds (Issued on Behalf of Lander University), Series 2005D (collectively, the "Refunded Bonds"). At the present time, the outstanding principal amount of the Refunded Bonds which the University wishes to be considered for refunding is the sum of \$9,410,000. It is currently estimated that approximately \$9,795,099 of refunding bonds will be required to effect the refunding of the Refunded Bonds. However, such amount, and the anticipated amount of the Refunded Bonds, may be increased or decreased at the discretion of the State Treasurer in order to maximize the savings effected by the issuance of the proposed refunding 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 Authority for the issuance of not

exceeding Ten Million Dollars (\$10,000,000) principal amount General Obligation State Institution Refunding Bonds (Issued on Behalf of Lander 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 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, 2015 through June 30, 2016, tuition fees available to pay debt service on State Institution Bonds amounted to the sum of \$3,312,394.

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 \$10,000,000.

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 State Institution Bonds Including Requested Bonds. 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 \$10,000,000 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 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 Issuance of Bonds.

(a) The State Authority 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").

(b) The Board of Trustees hereby covenants and agrees that the University will, and hereby directs the President and the Secretary to the Board of Trustees of the University to deposit and designate, or cause to be deposited and designated, 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 Secretary are hereby authorized and directed to certify the amount so deposited and designated to the State Authority. In the event this application is submitted to the State Authority, or 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. To the extent that the State Authority provides for the issuance of Bonds, the interest on which is excludable from income for federal income tax purposes, the University will covenant as follows:

(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.

(c) Taxable Series. In the event the State Treasurer designates a series of the Bonds as a taxable series, whereby the interest upon such Bonds is not excludable from income for federal income tax purposes, the preceding provisions of this Section 10 shall not apply to such series of Bonds so designated.

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 any 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 this Resolution and any certificate required by Section 8 hereof 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. Reimbursement Declaration. Reserved.

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 20th day of July, 2016.

BOARD OF TRUSTEES OF LANDER UNIVERSITY


Chairman

(SEAL)

Attest:

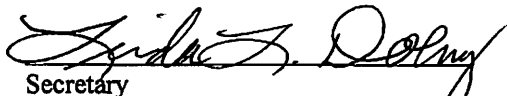

Secretary

EXHIBIT A

LANDER 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	\$ 5,350	\$ 10,150
Part-Time ²	446	846
Graduate		
Full-Time ¹	\$ 5,900	\$ 11,250
Part-Time ²	492	938

¹ Per Semester.

² Per Credit Hour.

For the fiscal year ended June 30, 2016, the amount of receipts designated as tuition for state institution bonds purposes was not less than the sum of \$3,312,394. The tuition and fees generated for the 2016 summer term are not included.

The maximum principal and interest debt service payment prior to the issuance contemplated herein is \$2,315,806, which occurs in the fiscal year ending June 30, 2017.

The maximum principal and interest debt service payment after the issuance contemplated herein is anticipated to be \$2,315,400, which is anticipated to occur in the fiscal year ending June 30, 2029.

EXHIBIT B

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
June 30, 2017	\$ 1,350,000	\$ 965,806	\$ 2,315,806
June 30, 2018	1,405,000	909,219	2,314,219
June 30, 2019	1,465,000	849,278	2,314,278
June 30, 2020	1,525,000	786,256	2,311,256
June 30, 2021	1,595,000	717,269	2,312,269
June 30, 2022	1,670,000	642,253	2,312,253
June 30, 2023	1,755,000	560,472	2,315,472
June 30, 2024	1,840,000	474,375	2,314,375
June 30, 2025	1,940,000	371,138	2,311,138
June 30, 2026	2,015,000	296,375	2,311,375
June 30, 2027	2,095,000	219,900	2,314,900
June 30, 2028	2,180,000	134,400	2,314,400
June 30, 2029	2,270,000	45,400	2,315,400
Total	<u>\$ 23,105,000</u>	<u>\$ 6,972,141</u>	<u>\$ 30,077,141</u>

EXHIBIT C

LANDER UNIVERSITY
PRO-FORMA DEBT SERVICE REQUIREMENTS OF
NOT EXCEEDING \$10,000,000 STATE OF SOUTH CAROLINA GENERAL
OBLIGATION STATE INSTITUTION REFUNDING BONDS,
COMPUTED AT PREVAILING RATES OF INTEREST

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
June 30, 2017	\$ 820,000	\$ 57,046	\$ 877,046
June 30, 2018	1,145,000	110,040	1,255,040
June 30, 2019	1,150,000	100,537	1,250,537
June 30, 2020	1,160,000	89,842	1,249,842
June 30, 2021	1,175,000	77,778	1,252,778
June 30, 2022	1,190,000	64,265	1,254,265
June 30, 2023	1,200,000	49,271	1,249,271
June 30, 2024	1,220,000	32,951	1,252,951
June 30, 2025	465,000	15,139	480,139
June 30, 2026	475,000	7,885	482,885
Total	<u>\$ 10,000,000</u>	<u>\$ 604,753</u>	<u>\$ 10,604,753</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
LANDER UNIVERSITY INCLUDING THE PROPOSED ISSUE OF
NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000) OF
GENERAL OBLIGATION STATE INSTITUTION REFUNDING BONDS,
COMPUTED AT PREVAILING RATES OF INTEREST AFTER GIVING
EFFECT TO THE DEFEASANCE OF THE REFUNDED BONDS

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
June 30, 2017	\$ 1,250,000	\$ 582,696	\$ 1,832,696
June 30, 2018	1,585,000	618,290	2,203,290
June 30, 2019	1,610,000	590,787	2,200,787
June 30, 2020	1,635,000	561,392	2,196,392
June 30, 2021	1,670,000	529,928	2,199,928
June 30, 2022	1,705,000	493,640	2,198,640
June 30, 2023	1,750,000	452,021	2,202,021
June 30, 2024	1,795,000	407,576	2,202,576
June 30, 2025	1,850,000	347,689	2,197,689
June 30, 2026	1,910,000	291,210	2,201,210
June 30, 2027	2,095,000	219,900	2,314,900
June 30, 2028	2,180,000	134,400	2,314,400
June 30, 2029	2,270,000	45,400	2,315,400
Total	<u>\$ 23,305,000</u>	<u>\$ 5,274,928</u>	<u>\$ 28,579,928</u>

EXHIBIT E

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

Aggregate of tuition fees received by the University during preceding fiscal year ended June 30, 2016	\$3,312,394
Multiplied by	90%
Produces	2,981,154
Maximum annual debt service on all State Institution Bonds of the University (including the proposed issue of not exceeding Ten Million Dollars (\$10,000,000) General Obligation State Institution Refunding Bonds issued on behalf of the University after giving effect to the defeasance of the Refunded Bonds)	<u>2,315,400</u>
Margin	\$665,754