

STATE OF SOUTH CAROLINA  
CLEMSON UNIVERSITY

A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING FIFTY-ONE  
MILLION DOLLARS (\$51,000,000) OF GENERAL OBLIGATION  
STATE INSTITUTION BONDS FOR CLEMSON UNIVERSITY  
PURSUANT TO CHAPTER 107, TITLE 59, CODE OF LAWS OF  
SOUTH CAROLINA, 1976, AS AMENDED

July 17, 2015

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## A RESOLUTION

REQUESTING THE ISSUANCE OF NOT EXCEEDING FIFTY-ONE MILLION DOLLARS (\$51,000,000) OF GENERAL OBLIGATION STATE INSTITUTION BONDS FOR CLEMSON UNIVERSITY PURSUANT TO CHAPTER 107, TITLE 59, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF CLEMSON 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 Clemson University (the "Board of Trustees"), the governing body of Clemson 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 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; and (iii) to reimburse the University for expenses incurred in anticipation of the issuance of such bonds.

(c) The Board of Trustees has determined that a current need exists to design, construct, and equip upgrades and replacements to the main campus electrical system, including but not limited to replacing aging electrical distribution infrastructure, creating a redundant loop feed system, adding communication and distribution automation capability to all switches to reduce outage durations, developing a central operations location to monitor and control a distribution automation system, converting remaining exposed overhead electrical facilities to underground, adding metering and controls to equipment in campus buildings to allow for "smart grid" enhancements, updating electrical facilities in campus buildings with aging utility transformers and main gear, making modifications to the campus electrical system to allow for increased use of on-campus power generation and alternative energy, addressing related electrical safety issues, and other related infrastructure (the "Project").

(d) The University estimates that the total costs of the Project will be \$75,000,000. In order to fund a portion of the projected costs of the Project, and taking into account certain other sources, the Board of Trustees now desires to make application to the State Authority to issue not exceeding Fifty-One Million Dollars (\$51,000,000) principal amount of General Obligation State Institution Bonds (Issued on Behalf of Clemson 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 Project, and therefore for issuing such Bonds. The proceeds of the Bonds shall be applied to defray a portion of the costs of the Project, reimburse the University for expenses incurred in anticipation of the issuance of the Bonds 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 Authority 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 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. 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, 2014 through June 30, 2015, tuition fees available to pay debt service on State Institution Bonds amounted to the sum of \$29,524,733.37.

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 \$51,000,000.

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 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 \$51,000,000 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 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 Issuance of Bonds and Bond Anticipation Notes.

(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"). If the State Treasurer should determine that all or a portion of the proceeds needed to defray the costs of the Project 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 Project, 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 prevailing market conditions, the Governor and the State Treasurer are requested to continue the issuance of Notes, in a principal amount not to exceed \$51,000,000 until the Governor and the State Treasurer 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 Executive Secretary to the Board of Trustees 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 Executive 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 on a federally tax-exempt basis, 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 10% 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. Executive Secretary to Present Resolution to State Authority. The Executive 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 Executive 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. The University hereby declares its intention to reimburse itself for a portion of the costs of the Project 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 Project 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 Project 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 Project 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 Project (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.

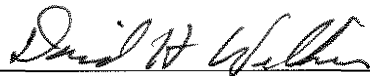
SECTION 17. Effectiveness of this Resolution. This Resolution shall become effective upon its adoption.

Done in meeting duly assembled this 17th day of July, 2015.

**BOARD OF TRUSTEES OF CLEMSON UNIVERSITY**

(SEAL)

Attest:

  
Chairman

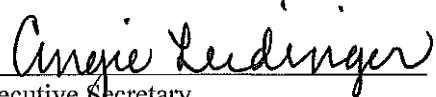
  
Executive Secretary

EXHIBIT A

CLEMSON 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 <sup>1</sup>	\$ 6,511	\$ 15,970
Matriculation <sup>1</sup>	5	5
Part-Time <sup>2</sup>	581	1,403
Matriculation <sup>1</sup>	5	5
Graduate		
Full-Time <sup>1,3</sup>	3,773	7,947
Matriculation <sup>1</sup>	5	5
Part-Time <sup>2,3</sup>	489	981
Matriculation <sup>1</sup>	5	5
Graduate Assistant <sup>1</sup>	770	770
Matriculation <sup>1</sup>	5	5

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<sup>1</sup> Per Semester.

<sup>2</sup> Per Credit Hour.

<sup>3</sup> Graduate Tuition is an average of five different tuition fee tiers.

For the fiscal year ended June 30, 2015, the amount of receipts designated as tuition for state institution bonds purposes was not less than the sum of \$29,524,733. 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 \$11,465,663, which occurs in the fiscal year ending June 30, 2020.

The maximum principal and interest debt service payment after the issuance contemplated herein is anticipated to be \$15,543,163, which is anticipated to occur in the fiscal year ending June 30, 2020.



EXHIBIT B

CLEMSON UNIVERSITY  
PRO-FORMA DEBT SERVICE REQUIREMENTS OF  
NOT EXCEEDING \$51,000,000 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, 2017	\$ 1,740,000	\$ 2,337,500	\$ 4,077,500
June 30, 2018	1,615,000	2,463,000	4,078,000
June 30, 2019	1,695,000	2,382,250	4,077,250
June 30, 2020	1,780,000	2,297,500	4,077,500
June 30, 2021	1,865,000	2,208,500	4,073,500
June 30, 2022	1,960,000	2,115,250	4,075,250
June 30, 2023	2,060,000	2,017,250	4,077,250
June 30, 2024	2,160,000	1,914,250	4,074,250
June 30, 2025	2,270,000	1,806,250	4,076,250
June 30, 2026	2,385,000	1,692,750	4,077,750
June 30, 2027	2,505,000	1,573,500	4,078,500
June 30, 2028	2,625,000	1,448,250	4,073,250
June 30, 2029	2,760,000	1,317,000	4,077,000
June 30, 2030	2,895,000	1,179,000	4,074,000
June 30, 2031	3,040,000	1,034,250	4,074,250
June 30, 2032	3,195,000	882,250	4,077,250
June 30, 2033	3,355,000	722,500	4,077,500
June 30, 2034	3,520,000	554,750	4,074,750
June 30, 2035	3,695,000	378,750	4,073,750
June 30, 2036	3,880,000	194,000	4,074,000
Total	<u>\$ 51,000,000</u>	<u>\$ 30,518,750</u>	<u>\$ 81,518,750</u>

EXHIBIT C

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
June 30, 2016	\$ 6,180,000	\$ 5,054,188	\$ 11,234,188
June 30, 2017	6,480,000	4,755,538	11,235,538
June 30, 2018	5,095,000	4,444,463	9,539,463
June 30, 2019	4,800,000	4,204,413	9,004,413
June 30, 2020	7,490,000	3,975,663	11,465,663
June 30, 2021	7,615,000	3,612,963	11,227,963
June 30, 2022	5,740,000	3,263,213	9,003,213
June 30, 2023	6,025,000	2,976,213	9,001,213
June 30, 2024	6,325,000	2,674,963	8,999,963
June 30, 2025	6,670,000	2,358,713	9,028,713
June 30, 2026	6,755,000	2,025,213	8,780,213
June 30, 2027	6,825,000	1,748,763	8,573,763
June 30, 2028	6,900,000	1,457,013	8,357,013
June 30, 2029	6,955,000	1,175,013	8,130,013
June 30, 2030	7,015,000	866,363	7,881,363
June 30, 2031	7,080,000	550,875	7,630,875
June 30, 2032	2,145,000	233,275	2,378,275
June 30, 2033	2,220,000	158,200	2,378,200
June 30, 2034	2,300,000	80,500	2,380,500
Total	<u>\$ 110,615,000</u>	<u>\$ 45,615,538</u>	<u>\$ 156,230,538</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 CLEMSON UNIVERSITY  
INCLUDING THE PROPOSED ISSUE OF  
FIFTY-ONE MILLION DOLLARS (\$51,000,000)  
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, 2016	\$ 6,180,000	\$ 5,054,188	\$ 11,234,188
June 30, 2017	8,220,000	7,093,038	15,313,038
June 30, 2018	6,710,000	6,907,463	13,617,463
June 30, 2019	6,495,000	6,586,663	13,081,663
June 30, 2020	9,270,000	6,273,163	15,543,163
June 30, 2021	9,480,000	5,821,463	15,301,463
June 30, 2022	7,700,000	5,378,463	13,078,463
June 30, 2023	8,085,000	4,993,463	13,078,463
June 30, 2024	8,485,000	4,589,213	13,074,213
June 30, 2025	8,940,000	4,164,963	13,104,963
June 30, 2026	9,140,000	3,717,963	12,857,963
June 30, 2027	9,330,000	3,322,263	12,652,263
June 30, 2028	9,525,000	2,905,263	12,430,263
June 30, 2029	9,715,000	2,492,013	12,207,013
June 30, 2030	9,910,000	2,045,363	11,955,363
June 30, 2031	10,120,000	1,585,125	11,705,125
June 30, 2032	5,340,000	1,115,525	6,455,525
June 30, 2033	5,575,000	880,700	6,455,700
June 30, 2034	5,820,000	635,250	6,455,250
June 30, 2035	3,695,000	378,750	4,073,750
June 30, 2036	3,880,000	194,000	4,074,000
Total	<u>\$ 161,615,000</u>	<u>\$ 76,134,288</u>	<u>\$ 237,749,288</u>

EXHIBIT E

CLEMSON 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, 2015	\$ 29,524,733
Multiplied by	90%
Produces	\$ 26,572,259
Maximum annual debt service on all State Institution Bonds of the University (including the proposed issue of not exceeding Fifty-One Million Dollars (\$51,000,000) General Obligation State Institution Bonds issued on behalf of the University)	<u>\$15,543,163</u>
Margin	\$ 11,029,096