

MINUTES
BOARD OF TRUSTEES' MEETING
May 8, 2015 2:00 p.m.

Hawkins Hall, Troy University Campus
Troy, Alabama

The Troy University Board of Trustees convened at 2:00 p.m. on May 8, 2015, in Hawkins Hall Conference Room on the Troy University Campus in Troy, Alabama.

I. Call to Order

Senator Gerald Dial, President pro tempore of the Board, called the meeting to order.

prayer. Following the prayer, Senator Dial asked for a roll call.

II. Roll Call

Upon roll call, the following members, comprising a quorum, answered present: Senator Gerald O. Dial, Mrs. Karen Carter, Mr. Ed Crowell, Dr. Roy H. Drinkard, Mr. John Harrison, Dr. R. D. [unclear], Mr. [unclear], Mr. Ernest Letts, Mr. Charles Neiler, Mr. Allan F.

Higher Education Under Stress

Examples cited included:

- Louisiana \$1.6B shortfall
- Louisiana higher education faces \$600M deficit
- Louisiana State University (LSU) Financial exigency is possible

- LSU may cut 2,200 courses
- Other Louisiana universities in jeopardy
- Current operational model can no longer support and grow American higher education

National Challenge

- University of Wisconsin:
 - To cut 400 positions/\$21m from budget
 - To increase tuition and freeze hiring
 - To eliminate 320 courses/merge programs
- Arizona State:
 - \$320 per student fee to overcome 13% cut in state appropriations
- Iowa – flagships to cut 250 positions
- Hiring freezes for Maryland, Texas A&M, Minnesota
- Maine seeks single accreditation for its seven campuses with separate accreditation and without substantial changes to its system, the University of Maine officials predict a \$90m deficit in 5 years

—Other universities mentioned include Sweet Briar, Tennessee Temple, Lebanon

degree and J.D. A bachelor's degree will be awarded after a student's first year of law school. This is the only program of its kind in Alabama. Chancellor Hawkins thanked Board Members Forrest Latta and Gibson Vance for their leadership in this initiative.

Points of Pride:

- TROY's Journalism School ranked sixth in the nation in Radio Television Digital News Association's 2014 Best College Journalism Schools survey
- Troy names one of 50 best college towns
- Arena recognized nationally for design
- *Top Master's in Education* names instruction tech program as Best Value

- TrojanVision the top campus TV station in the Southeast
- New student housing building set for opening in the fall
- Phenix City Campus will dedicate new building on July 10 at 3:00 p.m. (Eastern time)

- **Bylaws Committee, Honorable Lamar P. Higgins**
Senator Dial called upon Mr. Higgins to present the proposed changes to the Bylaws.

Mr. Higgins reported that the Bylaws Committee consisting of Mr. Latta and Mrs. Carter met and the recommendations basically reflect some tweaking as a result of changes in the statutes as it relates to standing committees being able to meet completely by

members for all meetings). The proposed changes also state that for voting purposes, two members are allowed by statute to participate in Board meetings by electronic means. The new language proposed in the Bylaws also addresses the need to call a meeting without having a 10-day notice, which in essence describes an emergency meeting. Mr. Higgins read the section of the proposed Bylaws relating to emergency meetings. (A copy of the proposed Bylaws is attached to these Minutes.)

Thompson, outgoing SGA President. Mr. Higgins asked Matthew to stand and be recognized. Matthew made brief comments expressing his appreciation to the Board for its support of the

student body.

Following Mr. Thompson's comments, the chair called upon Mr. Higgins, who presented Resolution No. 2 to the Board.

Resolution No. 2—Honoring SGA President Matthew Thompson

**ACTION; MR. HIGGINS MADE A MOTION FOR THE ADOPTION OF
RESOLUTION NO. 2 HONORING PRESIDENT MATTHEW THOMPSON. ON A
SECONDARY MRS. CARTER RESOLUTION NO. 2 WAS ADOPTED BY THE BOARD**

accept Scenario #2 that was presented to the Finance Committee. It was noted that Scenario #2 represents a 5+ percent increase (See information on Scenario #2 noted below in Dr. Bookout's finance report section.) Mr. Harrison thanked the Chancellor and Dr. Bookout for continually looking at the numbers. He added that we all know how hard it is to raise tuition on students and parents and how devastating any increase will be on some, but it is necessary to fund the University.

o **Finance Report— Dr. Jim Bookout**

Mr. Harrison called upon Dr. Bookout to provide a finance committee report. Before beginning his presentation, Dr. Bookout echoed Mr. Harrison's comment about how difficult it is to have to raise

is on the drawing board. Dr. Bookout added that he and Dr. Dew will co-chair a committee to begin discussions on the rec center, adding that he believes the students will be pleased with what the University has in mind.

In regard to tuition, Dr. Bookout said that the administration drills down to look at all options

with a tuition increase being the very last option. Dr. Bookout briefly outlined the arduous process used as the budget recommendations encompassed and all revenues, expenses, and changes in credit hours

increasing tuition was the absolute last thing we had to consider in order to balance the budget, and he said there are three forces that have led us down this path:

1) credit hour production projections decreased by 42,000 hours from last year

process for TROY University. When the budget got to the Senator the \$5m was taken out and

through negotiations \$2m was put back in the budget with a promise of \$3m next year which would get the University the \$5m. Senator Dial emphasized that this has been a very difficult

WHEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES THAT THE UNIVERSITY

to increase the tuition and fee structure, as proposed, with the understanding that the Chancellor is authorized to set the final rate at some date after the legislative budget process is final

SECTION 5. THE CHAIRMAN CALLED FOR A MOTION TO APPROVE RESOLUTION NO. 5.

5. MR. HARRISON STATED THAT HE WAS NOT NAMING A MOTION BUT BRINGING FORWARD A RECOMMENDATION ON BEHALF OF THE FINANCE

IN REGARD TO THE AMOUNT OF PROCEEDS TO BE REALIZED FROM THE REFUNDING. HE STATED THAT IT WOULD BE APPROXIMATELY BETWEEN 40 AND 55M BASED ON WHAT PAYOFFS ARE AT THE TIME AND WHAT THE INTEREST RATES WILL BE (WHICH WILL BE LESS THAN CURRENTLY BEING

PAID). MR. CROWELL MADE A MOTION TO ADOPT RESOLUTION NO. 5. MRS. CARTER PROVIDED A SECOND TO THE MOTION. THERE BEING NO FURTHER DISCUSSION, RESOLUTION NO. 5 WHICH FOLLOWS THE SUMMARY BELOW

of any Series 2015 Bonds issued as a series of Tax-Exempt Bonds shall not exceed 5.000% and the net interest cost of any Series 2015 Bonds issued as a series of Taxable Bonds shall not exceed 7.000%.

NOTE: SEE GLOSSARY FOR DEFINITIONS OF TERMS.

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TRUSTEES' MEETING

MINUTES OF THE MEETING HELD ON

MAY 8, 2015

AT THE BOARD ROOM

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**FACILITIES REVENUE BONDS
SERIES 2015 BOND RESOLUTION**

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RESOLUTION AUTHORIZING THE ISSUANCE BY TROY UNIVERSITY

**OF UP TO \$55,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF
FACILITIES REVENUE BONDS, SERIES 2015**

WHEREAS, the University has determined that it is necessary, advisable, in the interest of the University and in the public interest that the University issue its facilities revenue bonds under the

acquire the related Facilities and to provide funds for the purchase, construction, enlargement or
alteration certain Facilities as described herein

"Dead End" means the Dead End which was established by Ordinance 40, 07

General Bond Resolution.

"Bonds" means the Series 2009 Bonds, the Series 2010 Bonds, the Series 2014 Bonds, the Series 2015 Bonds and any Additional Bonds hereafter issued pursuant to the provisions of the

General Bond Resolution.

"Business Day" means any day other than a day on which banking institutions are required or authorized to remain closed in either of the following locations: (i) the city in which the Trustee

"Funds" means the Bond Fund and any other Fund that may hereafter be established with the Trustee in connection with any series of Bonds, as contemplated in Section 2.4(c)(12) of the General

"General Bond Resolution" means Resolution No. 3 adopted by the Board on July 24, 2009, as the same may hereafter be amended or supplemented in accordance with the provisions hereof.

"General Student Fees" means the tuition payable by students attending the University and available for any purpose authorized and approved by the Board for the benefit of the University.

those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee

of that notice satisfactory in form to the Trustee shall have been filed with the Trustee and

(c) Bonds in exchange for or in lieu of which others have been authenticated and delivered under Section 2.8 hereof;

provided however, that in determining whether the Holders of the requisite principal amount of

"Purchaser" means the original purchaser or purchasers of any series of Bonds.

~~"Rating Agency" means Moody's, S&P, their respective successors and assigns, and any~~

other nationally recognized securities rating agency.

"Record Date" means, as to any series of Bonds, the 15th day (whether or not a Business Day) next preceding an interest payment date with respect to those Bonds.

~~"Redeemable Bonds" means the Series 2006 Bonds and Series 2007 Bonds, provided that the~~

"Series 2010 Bonds" means the University's Facilities Revenue Bond, Series 2010-A, dated December 14, 2010, and originally issued in the aggregate principal amount of \$19,400,000 and Facilities Revenue Bond Series 2010-B (Tangible Build America Bond - Direct Payment) dated

gross income for federal income tax purposes under Section 103(a) of the Code.

"Tax-Favored" means, when used in reference to Bonds, that owners thereof are entitled to a

federal government, in respect of a portion of the interest thereon, in each case under Section 54AA of the Code.

"Treasurer" means the Treasurer of the University.

"Trustee" means the trustee at the time serving as such under the General Bond Resolution, presently, Regions Bank, Birmingham, Alabama.

"Trustee's Office" means the office from time to time designated by the Trustee, or its successor in trust, as its principal corporate trust office for purposes of discharging its trusts and duties under the General Bond Resolution, which office as of the date hereof is located at 1900 Fifth Avenue North, 25th Floor, Birmingham, Alabama 35203.

"University" means Troy University, a public corporation and instrumentality of the State, its successors and assigns.

Section 1.2 Interpretation. Unless the context indicates otherwise, words importing the

ARTICLE II

FINDINGS, DETERMINATIONS AND REPRESENTATIONS

Section 2.1 Findings. The Board, upon evidence duly submitted to and considered by it, has

~~pertaining and found and does hereby declare represent and state that:~~

(a) The Series 2015 Bonds shall be issued to (i) refund the Series 2007 Bonds; provided that the Chancellor and Treasurer may determine, in consultation with the professional advisors retained by the University with regard to the issuance of the Series 2015 Bonds, and may provide in the Series 2015 Determination Document, not to refund the Series

dated May 29, 2014, which is currently outstanding in the aggregate principal amount of \$14,977,500. The only Prior Bonds currently outstanding under the Prior Bond Resolution are the University's General Student Fee Revenue Bonds, Series 2007, dated July 1, 2007, which are currently outstanding in the aggregate principal amount of \$13,000,000. The

issuance of the Series 2015 Bonds, subject to prevailing market conditions when the Series 2015 Bonds are offered for sale.

(c) The University is not presently in default in the payment of the principal of or interest on any Bonds or Prior Bonds now outstanding or in its obligations with respect to the

ARTICLE III

SERIES 2015 BONDS

Section 3.1 Authorization and Issuance of Series 2015 Bonds. This Resolution constitutes a Series Resolution under the General Bond Resolution in order to provide for the issuance of the Series 2015 Bonds.

Pursuant to the authorization to do so contained in the General Bond Resolution and in Section 16-3-28, Code of Alabama (1975), as amended, the Series 2015 Bonds are hereby authorized to be issued, as one or more series of Bonds under the General Bond Resolution, in an aggregate principal amount currently estimated at \$40,000,000, but not to exceed \$55,000,000. The current expectation is that one series of Bonds will be issued to refund the Series 2007 Bonds, refund, defease and retire the Series 2006 Bonds and provide the Troy University Housing Facilities from The Troy Public Educational

Building Authority and Troy University Housing, LLC and to fund the costs of the Facilities described in Section 2.1(a) hereof; however the Series 2015 Bonds may be issued in more than series at the discretion of the Chancellor and Treasurer.

~~Series 2015 Bonds will be used to fund the costs of the Facilities described in Section 2.1(a) hereof.~~

(2) The Series 2015 Bonds shall be generally designated "Troy University Facilities Revenue Bonds Series 2015" with such other or special

designations as to any part, series or sub-series thereof, if any, as the Chancellor and

Treasurer are hereby authorized and entrusted to set forth in the Series 2015 Determination Document; and shall be fully registered as to both principal and interest with each separate series or sub-series thereof numbered consecutively from

R-1 upwards.

Series 2015 Bonds, unless the Chancellor and Treasurer determine that a reserve fund

is necessary to obtain the most favorable terms for the financing of the 2015 Project (as defined in (4) below).

accuracy, completeness and correctness of the tax-related representations herein contained, set forth the reasonable expectations of the University regarding the amount and use of all the proceeds of the Series 2015 Bonds and the facts and estimates on which those expectations

elections on the part of the University as Bond Counsel or the Purchaser shall request to evidence the Tax-Exempt status of those of the Series 2015 Bonds issued on a Tax-Exempt

accordance with the aforementioned procedures, but the Trustee shall not be responsible for the application of any moneys so withdrawn from said Account by the University.

(c) Any moneys on deposit in a Series 2015 Construction Account not required for payment disbursements shall be invested in Permitted Investments as herein defined

as directed in writing by the University. Any such investments shall be payable in such amounts and at such times as may be necessary to meet required payments from that Series 2015 Construction Account. The earnings from any such investments shall be deposited in that Series 2015 Construction Account. No investment shall be made which would cause any Tax-Exempt series or sub-series of the Series 2015 Bonds to be "arbitrage bonds" or "hedge bonds" as those terms are used in Section 148 and Section 149(g), respectively, of the Code. The depository for any Series 2015 Construction Account which shall hold the proceeds of any Tax-Exempt series or sub-series of the Series 2015 Bonds, by acceptance of its duties hereunder, agrees to keep such records and supply such information to the University as will enable the University to make any necessary payments in a timely manner provided

or (ii) secured at all times by collateral described in paragraphs (2), (3), (7) and (8), which collateral is held by the Trustee or by a third-party custodian or in which the Trustee or such other custodian has a perfected first priority security interest or which are insured by the Federal Deposit Insurance Corporation;

(5) Commercial paper which is rated at the time of purchase in the single highest classification "P-1" by Moody's and "A-1+" by S&P and which matures not

(6) Money market funds holding obligations described in (2), (3), (7) or (8) rated by at least one Rating Agency in one of the three highest rating categories assigned by that Rating Agency;

(7) Pre-refunded "Municipal Obligations" (herein defined as any bonds or other obligations of any state of the U.S. or of any agency, instrumentality or local

Series 2015 Bonds; and (3) the Chancellor or Treasurer to "deem final", for purposes and within the meaning of SEC Rule 15c2-12, the Preliminary Official Statement as of its date and to make such other and further representations with respect to the Preliminary Official Statement and Official Statement as may be customary and desirable.

(b) *Bond Purchase Agreement.* The Board authorizes the execution and delivery on behalf of the University by the Chancellor or the Treasurer of a Bond Purchase Agreement

University and the Purchaser if necessary and appropriate for the method by which the Series 2015 Bonds will be sold (including, if the Series 2015 Bonds are issued in more than one series or sub-series and at different times, a separate such agreement for each later-issued series or sub-series).

reference and retirement of the Senior 2006 Bonds and the acquisition of the Tustin Village

ARTICLE IV

PLEDGES AND FUNDS

Section 4.1 Source of Payment of Series 2015 Bonds. The Series 2015 Bonds shall be payable solely from the Bond Fund created in the General Bond Resolution for the exclusive benefit of the Holders from time to time of the Bonds, and shall be secured by (a) an exclusive first lien upon and pledge of the Special Student Fees, (b) a lien upon and pledge of the General Student Fees, subordinated, however, to the lien upon and pledge of the General Student Fees created and made under the Prior Bond Resolution for the benefit of the Prior Bonds, but only so long as any Prior Bonds remain outstanding, and (c) a lien upon and pledge of such other fees or revenues of the University as may hereafter be pledged to secure the payment of some or all Bonds, subject to such limitations as may be set forth in the Supplemental Resolution providing for such lien and pledge.

Neither the Bonds nor any pledge or agreement made in this Resolution or the General Bond Resolution shall be an obligation or debt of any nature whatsoever of the State, and

neither the Bonds nor any obligation arising from any such pledge or agreement shall be payable out of monies appropriated by the State to the University. Neither the State nor the University shall

legally enforceable obligations of the University in accordance with their terms and the terms hereof:

and that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of

1. The Board of Trustees shall have the right to sue the Donor and/or the Donor's estate to enforce all claims

ARTICLE V
COVENANTS OF THE UNIVERSITY

University contained in the General Bond Resolution with regard to the Bonds, including without

limitation, those in Article V thereof, are hereby ratified and affirmed.

[END OF ARTICLE V]

ARTICLE VI

TRUSTEE

Section 6.1 Trustee's Acceptance and Responsibilities. The Trustee has accepted and agreed

from the duties imposed on it by the General Bond Resolution and shall be deemed to affirm

such acceptance by the authentication and delivery of the Series 2015 Bonds, subject to the terms and conditions set forth in the General Bond Resolution. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Resolution or the due adoption thereof by the Board, nor for or in respect of the recitals contained herein, all of which recitals are made solely by the University.

[END OF ARTICLE VI]

ARTICLE VII

MISCELLANEOUS

Section 7.1 No Recourse. No recourse shall be had for the payment of the principal of or

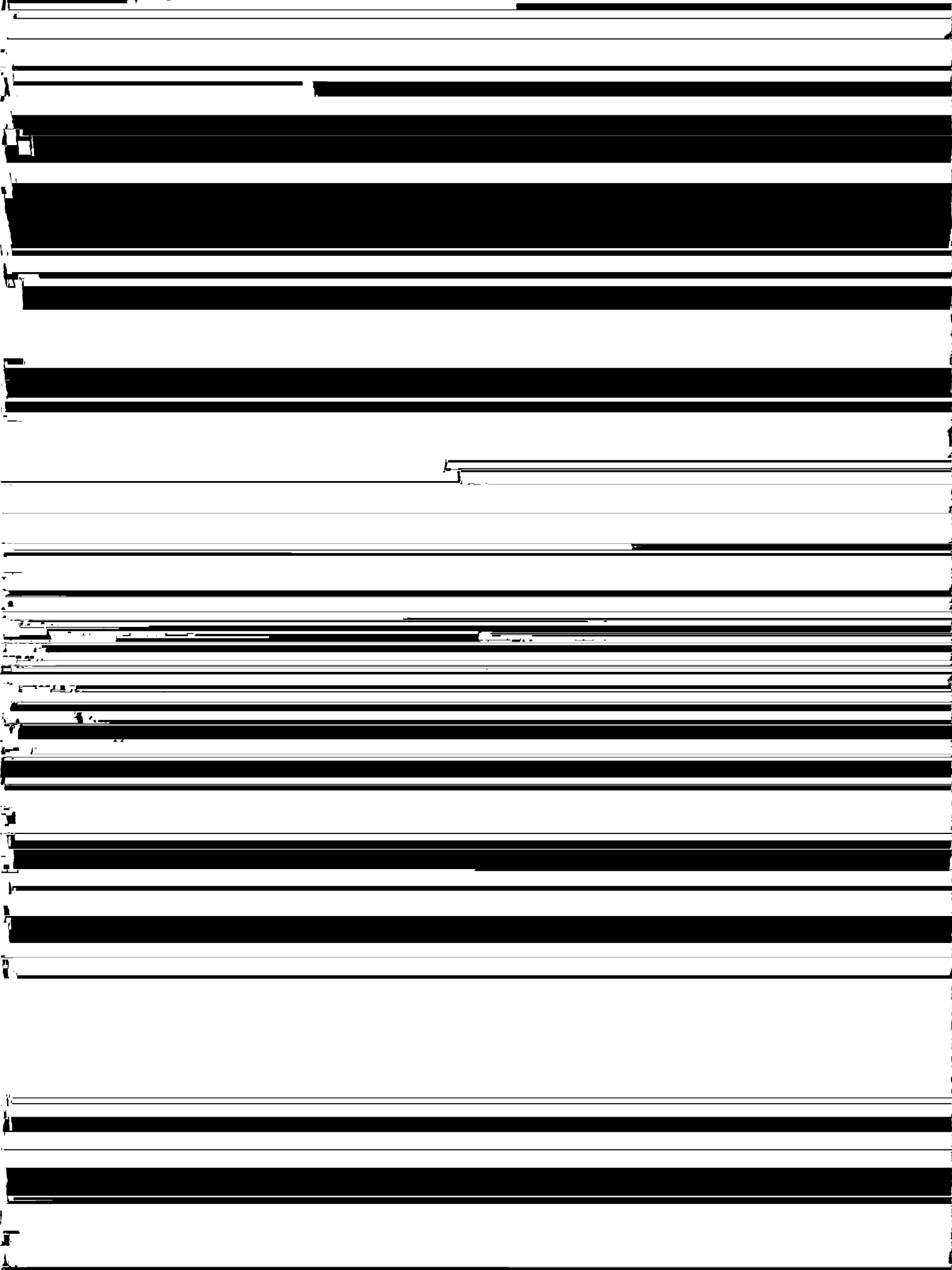
Resolution, against any member of the Board or any officer of the University, past, present or future, or any Person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder by the acceptance of the Bond or Bonds held by it.

Section 7.2 Construction as a Contract. The provisions of this Resolution shall constitute and be construed as a contract made under and for all purposes governed by and construed in accordance

with the laws of the State, between the University and the Holder or Holders from time to time of the Bonds: provided, however, that no agreement, covenant or obligation of the University herein or in

redemption dates, including, without limitation, irrevocably directing the Refunded Bonds Trustee to mail and/or publish any notice of such redemptions as may be required under the Prior Bond

~~Trustee, and to cause to be published in the newspapers of such Prior Bonds. In connection with such~~



ENDORSEMENT

Resolved by the Board of Trustees of Troy University, this 9th day of May, 2015

President pro tempore of the Board of Trustees

(SEAL)

Attest: _____
Secretary of the Board

- **Institutional Advancement Committee, Honorable Charles Nailen**

The chair called on Mr. Nailen to provide an Institutional Advancement Committee report. Mr. Nailen reported that Board members were contacted personally to discuss their vision to help shape the overall five-year plan.

Mr. Nailen advised that the Institutional Advancement Committee met on April 27 by

with a couple of modifications. The final plan will be presented at the July Board meeting.

Senator Dial thanked Mr. Nailen for his leadership and added that as the University moves forward this will be one of the most important issues facing us.

V. New Business

In new business, the chair called upon Mr. Higgins to present Resolution No. 6 to the Board. Mr. Higgins stated that he had talked to several Board members about this and there is a move underway to put a woman on currency. We have invested millions of dollars into the Rosa

awarding a doctoral degree, Mr. Higgins recommended endorse a woman being on currency and that our recommendation would be Rose Parks