

RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF AUBURN UNIVERSITY

BE IT RESOLVED by the Board of Trustees (herein called the “Board”) of AUBURN UNIVERSITY (herein called the “University”) as follows:

Section 1. Findings. The Board has determined and hereby finds and declares that the following facts are true and correct:

(a) The Board adopted a resolution at its meeting on April 15, 2013 authorizing the issuance and sale of a series of revenue bonds of the University for the purpose of refunding the University’s outstanding General Fee Revenue Bonds, Series 2006-A (the “Series 2006-A Bonds”); provided however that the said bonds were only authorized to be issued if the refunding resulted in a net present value savings of at least 3%. The bonds were not issued because market conditions and prevailing interest rates subsequent to the April 15, 2013 meeting of the Board did not permit the net present value savings requirement to be achieved. The officers of the University have continued to monitor the public finance markets and now advise that the refunding of the Series 2006-A Bonds and the University’s General Fee Revenue Bonds, Series 2007-A (the “Series 2007-A Bonds”) may be now feasible on terms advantageous to the University. This resolution is intended to replace and supersede the resolution of April 15, 2013.

(b) It is necessary, advisable, in the interest of the University and in the public interest that the University issue its revenue bonds to refund all or a portion of the Series 2006-A Bonds and the Series 2007-A Bonds, as more fully described in Section 3 below.

(c) The University will realize financial benefits in the form of favorable interest rates and debt service savings from the issuance of the bonds herein authorized and the use of the proceeds thereof to refund the Series 2006-A Bonds and the Series 2007-A Bonds authorized to be refunded herein.

Section 2. Authorization of Bonds. For the purpose of refunding all or a portion of the Series 2006-A Bonds maturing on or after June 1, 2017 and all or a portion of the Series 2007-A Bonds maturing on or after June 1, 2018 (collectively, the “Refunded Bonds”), there are hereby authorized to be issued by the University up to \$210,595,000 aggregate principal amount of revenue bonds of the University. The said bonds shall be issued under the terms, conditions and provisions set out in the General Fee Revenue Trust Indenture dated as of June 1, 1985 between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (herein called the “Trustee”), as heretofore supplemented, and as further supplemented by the Supplemental General Fee Revenue Indentures (the “Supplemental General Fee Indentures”) provided for in Section 6 of this resolution (the original General Fee Revenue Trust Indenture, as so supplemented being herein referred to as the “General Fee Revenue Indenture”). The bonds herein authorized (the “Bonds”) may be issued in one or more series if and to the extent

necessary and appropriate to distinguish between bonds the interest on which is excludable from gross income for purposes of federal income taxation and bonds the interest on which is taxable for purposes of federal income taxation. The Bonds may also be issued at such time or times as may be most advantageous to the University, subject to the provisions of Section 12 of this resolution.

All the provisions of the General Fee Revenue Indenture, as applicable to the Bonds, are hereby adopted as a part of this resolution as if set out at length herein.

Section 3. Bonds to be Issued as Additional Parity Bonds; Special Findings. The Bonds shall be issued as additional parity bonds under Article VIII of the General Fee Revenue Indenture.

In accordance with the provisions of Section 8.2(b) of the General Fee Revenue Indenture, the Board hereby finds and declares as follows:

(a) The University is not now in default under the General Fee Revenue Indenture and no such default is imminent.

(b) Bonds the interest on which is excludable from gross income for purposes of federal income taxation shall be designated "General Fee Revenue Refunding Bonds, Series ____". If it is necessary and appropriate to issue a portion of the Bonds as bonds the interest on which is taxable for purposes of federal income taxation, such bonds shall be designated "General Fee Revenue Bonds, Series ____ (Taxable)". The series designation shall be completed to reflect the calendar year in which the Bonds are issued and to provide any further identification of the Bonds as is appropriate.

(c) The persons to whom the Bonds are to be delivered are set forth in Sections 7 and 9 hereof.

(d) All of the Bonds are to be issued by sale in accordance with Section 7 hereof.

(e) The sale price of the Bonds is set forth in Section 7 hereof.

(f) The only additional parity bonds that have previously been issued by the University under the General Fee Revenue Indenture and that are currently outstanding are the General Fee Revenue Bonds, Series 2004, issued under the Tenth Supplemental General Fee Revenue Indenture dated as of August 1, 2004; the General Fee Revenue Bonds, Series 2006-A issued under the Eleventh Supplemental General Fee Indenture dated as of November 1, 2006; the General Fee Revenue Bonds, Series 2007-A and Series 2007-B, issued under the Twelfth Supplemental General Fee Revenue Indenture dated as of December 1, 2007; the General Fee Revenue Bonds, Series 2008 issued under the Thirteenth Supplemental General Fee Revenue Indenture dated as of September 1, 2008; the

General Fee Revenue Bonds, Series 2009, issued under the Fourteenth Supplemental General Fee Revenue Indenture dated as of December 1, 2009; the General Fee Revenue Bonds, Series 2011-A, issued under the Fifteenth Supplemental General Fee Revenue Indenture dated as of May 1, 2011; and the General Fee Revenue Bonds, Series 2012-A and Series 2012-B (Taxable) issued under the Sixteenth Supplemental General Fee Revenue Indenture dated as of March 1, 2012.

(g) The Refunded Bonds are to be refunded from proceeds of the Bonds, subject to the determinations and conditions set forth in Sections 11 and 12 hereof.

The Trustee is hereby requested to authenticate and deliver the Bonds to the purchasers specified in Section 7 hereof upon payment of the purchase price designated therein.

Section 4. Source of Payment of the Bonds. The principal of and the interest on the Bonds shall be payable from (i) the gross revenues from those general tuition fees levied against students at the Auburn, Alabama campus and the Montgomery, Alabama campus of the University that are more particularly described and referred to as “General Fees” in the General Fee Indenture; (ii) the gross revenues derived by the University from the operation of its housing and dining facilities located on the Auburn campus and on the Montgomery campus that are more particularly described and referred to as “Housing and Dining Revenues” in the General Fee Indenture; (iii) the gross revenues derived by the University from the operation of its athletics programs that are more particularly described and referred to as “Athletic Fee Revenues” in the General Fee Indenture; and (iv) the several student fees levied against students at the Auburn campus and the Montgomery campus that are more particularly described and referred to as the “Pledged Student Fees” in the General Fee Indenture. The said General Fees, Housing and Dining Revenues, Athletic Fee Revenues, and Pledged Student Fees are referred to herein and in the Supplemental General Fee Indenture described in Section 6 below as the “Pledged Revenues.”

Nothing contained in this resolution, in the Bonds, in the General Fee Revenue Indenture, or in the supplemental indenture hereinafter authorized shall be deemed to impose any obligations on the University to pay the principal of or the interest on the Bonds except from the Pledged Revenues. Neither the Bonds, nor the pledge or any agreement contained in the General Fee Revenue Indenture, in the said supplemental indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Bonds nor any obligation arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama. The agreements, covenants or representations contained in this resolution, in the Bonds, in the General Fee Revenue Indenture, and in the said supplemental indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Nothing contained in this section shall, however, relieve the University from the

observance and performance of the several covenants and agreements on its part herein contained.

Section 5. Bonds Payable at Par. All remittances of principal of and interest on the Bonds to the holders thereof shall be made at par without any deduction for exchange or other costs, fees or expenses. The bank or banks at which the Bonds shall at any time be payable shall be considered by acceptance of their duties hereunder to have agreed that they will make or cause to be made remittances of principal of and interest on the Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

Section 6. Authorization of Supplemental Indentures. The Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, to the Trustee, a Seventeenth Supplemental General Fee Revenue Indenture (herein called the “Seventeenth Supplemental General Fee Indenture”) in substantially the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), with such changes, deletions and additions as may be approved as provided in Section 12 of this resolution, and does hereby authorize and direct the Secretary of the Board to affix to the Seventeenth Supplemental General Fee Indenture the official seal of the University and to attest the same. If the Bonds are issued in more than one series delivered at different times, the Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University one or more additional Supplemental General Fee Indentures in substantially the same form as the Seventeenth Supplemental General Fee Indenture, with such changes thereto as shall be appropriate to reflect the terms of the Bonds issued under such additional Supplemental General Fee Indenture(s), and does hereby authorize and direct the Secretary of the Board to affix to the such Supplemental General Fee Indentures the official seal of the University and to attest the same. The Seventeenth Supplemental General Fee Indenture and any additional Supplemental General Fee Indentures executed and delivered with respect to the Bonds are herein referred to as the “Supplemental General Fee Indentures”.

Section 7. Sale of the Bonds. Subject to the conditions, approvals and adjustments contained or described in Section 12 of this resolution, the Bonds shall be sold and awarded to Merchant Capital, L.L.C. (herein called the “Underwriter”). The Bonds shall be sold to the Underwriter at and for a purchase price at least equal to 99% of the principal amount thereof, plus any original issue premium and less any original issue discount as may be approved under Section 12 hereof, plus accrued interest on such Bonds from their date to the date of delivery thereof. The first series of Bonds issued under this resolution shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract (the “Bond Purchase Contract”) to be entered into between the Underwriter and the University in substantially the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit II to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution). The Board does hereby authorize and direct the President and the Executive Vice President of the University, or either of them, to execute and deliver the Bond Purchase Contract, for and on

behalf of the University, to the Underwriter, with such changes, deletions or additions thereto as may be approved as provided in Section 12 of this resolution. If the Bonds are issued in more than one series delivered at different times, the President of the University is also hereby authorized to execute and deliver, for and in the name and behalf of the University one or more additional Bond Purchase Contracts in substantially the same form as the Bond Purchase Contract attached as Exhibit II, with such changes thereto as shall be appropriate to reflect the sale of subsequent series of Bonds sold to the Underwriter under such additional Bond Purchase Contract(s).

Section 8. Authorization of Official Statements. The Board does hereby authorize and direct the Underwriter to prepare and distribute, for and in the name and on behalf of the University, a Preliminary Official Statement with respect to the first series of Bonds issued under this resolution, in substantially the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit III to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution). The Board does hereby further authorize and direct the President or the Executive Vice President of the University to execute and deliver, for and on behalf of the University, a final Official Statement for the first series of Bonds issued under this resolution, substantially in the form of the Preliminary Official Statement but with such changes, additions and completions as may be necessary or appropriate to reflect the final terms of such Bonds and as may be approved as provided in Section 12 of this resolution, and does hereby declare that the Official Statement so executed by the President or the Executive Vice President of the University shall be the Official Statement of the University with respect to the Bonds covered by such Official Statement.

If the Bonds are issued in more than one series delivered at different times, the Board does hereby authorize and direct the Underwriter to prepare and distribute, for and in the name and on behalf of the University, a Preliminary Official Statement with respect to each additional series of Bonds in substantially the form of the Preliminary Official Statement attached as Exhibit III, with such changes, additions and completions as may be appropriate to reflect the series of Bonds covered by such Preliminary Official Statement. The Board does hereby further authorize and direct the President or the Executive Vice President of the University to execute and deliver, for and on behalf of the University, a final Official Statement for each additional series of Bonds in substantially the form of the Preliminary Official Statement but with such changes, additions and completions as may be necessary or appropriate to reflect the final terms of the Bonds covered by such Official Statement and as may be approved as provided in Section 12 of this resolution, and does hereby declare that the Official Statement so executed by the President or the Executive Vice President of the University shall be the Official Statement of the University with respect to the Bonds covered thereby.

Section 9. Execution and Delivery of Bonds. The Board does hereby authorize and direct the President of the University to execute the Bonds, in the name and on behalf of the University, by causing his signature or a facsimile thereof to be placed or imprinted on the Bonds, and does hereby authorize and direct the Secretary of the Board to cause a facsimile of the official seal of the University to be imprinted on the Bonds and to attest the same by causing his signature or a facsimile thereof to be placed or imprinted on the Bonds, all in the manner

provided in the General Fee Revenue Indenture. The President of the University is hereby further authorized and directed to deliver the Bonds, subsequent to their execution as provided herein to the Trustee, and to direct the Trustee to authenticate all the Bonds and to deliver them to the Underwriter, upon payment to the University of the purchase price therefor in accordance with the provisions of Sections 7 and 11 hereof.

Section 10. Application of Proceeds. The entire proceeds derived by the University from the sale of the Bonds shall be paid to the Trustee under the General Fee Revenue Indenture. The Trustee is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in the Supplemental General Fee Indentures.

Section 11. Redemption of Refunded Bonds; Authorization of Escrow Trust Agreement. Any Series 2006-A Bonds to be refunded by the Bonds or any series of the Bonds shall be called for redemption on June 1, 2016, or the earliest practicable date thereafter, at and for a redemption price equal to 100% of the principal amount of each bond so redeemed, plus accrued interest. Any Series 2007-A Bonds to be refunded by the Bonds or any series of the Bonds shall be called for redemption on June 1, 2017, or the earliest practicable date thereafter, at and for a redemption price equal to 100% of the principal amount of each bond so redeemed, plus accrued interest. The President and the Executive Vice President of the University are separately authorized to direct the Trustee to mail and/or publish notice of such redemption as required under the terms of the General Fee Revenue Indenture. Any such redemption notice mailed or published prior to the date of issuance of the Bonds shall provide that the call of the affected Refunded Bonds for redemption is contingent upon the issuance and sale of the Bonds.

Pursuant to Section 6.1(a) of the General Fee Revenue Indenture, the Board hereby confirms that the University is not in default under said indenture.

In connection with the refunding and defeasance of the Refunded Bonds as provided in Section 14.1 of the General Fee Revenue Indenture, the Board hereby authorizes and directs the President of the University to execute in the name and on behalf of the University an Escrow Trust Agreement or Agreements, between the University and the Trustee, in substantially the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit IV to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), with such changes, deletions and additions as may be approved as provided in Section 12 of this resolution, and does hereby authorize and direct the Secretary of the Board to affix the official seal of the University thereon and to attest the same.

Section 12. Authorization to Approve Certain Matters. The Board has determined that in view of the favorable interest rates currently available in the market for bonds such as the Bonds, it is in the best interest of the University to authorize the issuance of the Bonds at this meeting, there being no other meeting of the Board scheduled prior to September 5, 2014. The Board acknowledges however, that as of the date of this meeting, the Bonds have not yet been marketed or priced and that the documents approved by the Board in this resolution have not yet been finalized. The Board also recognizes that it may be most advantageous to the University to issue the Bonds in two or more series at different times. Therefore, in order to permit the Bonds to be issued, sold and delivered promptly, efficiently, and on a schedule most advantageous to

the University without the need for a subsequent meeting of the Board, and to permit the University to achieve the benefit of the favorable interest rates currently prevailing in the market, the Board does hereby authorize Dr. Donald Large, the Executive Vice President of the University and the Chairman of the Finance Committee of the Board:

(a) to determine whether the Bonds shall be issued in one or more than one series, and to approve the schedule of issuance for each such series of Bonds; provided that no Bonds shall be issued under the authority of this resolution after June 1, 2016;

(b) to approve the principal amount of the Bonds to be issued in each series, and the designation of the Bonds as tax-exempt or taxable Bonds; provided that the aggregate principal amount of Bonds shall not exceed the amount authorized in Section 2 above;

(c) to determine which of the Refunded Bonds are to be refunded and redeemed by the Bonds; provided that any such refunding shall result in a minimum net present value savings of at least 3%;

(d) to approve the final forms of the Supplemental General Fee Indenture(s), the Bond Purchase Contract(s), the Preliminary Official Statement(s), the Official Statement(s) and the Escrow Agreement(s), such documents to be substantially in the forms approved by the Board in Sections 6, 7, 8 and 11 of this resolution, but with such changes, deletions and additions as he may deem appropriate;

(e) to approve the final form and pricing details of each series of Bonds, including the interest rates to be borne by such Bonds, the principal maturities thereof and any original issue discount or premium with respect to the Bonds; provided that the net interest cost of any series of Bonds shall not exceed 5%;

(f) to approve the compensation of the Underwriter, such compensation not to exceed 1% of the principal amount of the Bonds;

(g) to approve the expenses of issuing the Bonds; and

(h) to take such other steps and to execute and approve such other documents as may be necessary or appropriate to cause the Bonds to be issued, sold and delivered consistent with the provisions of this resolution and the Supplemental General Fee Indentures.

The final approval by the Executive Vice President of the University and the Chairman of the Finance Committee of the Board of the items listed above may be conclusively evidenced by a certificate signed by each of them and delivered at the time of issuance of the Bonds.

Section 13. Resolution Constitutes Contract. The provisions of this resolution shall constitute a contract between the University and each holder of the Bonds.

Section 14. Severability. The various provisions of this resolution are hereby declared to be severable. If any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 15. Designation of Professionals. The Board hereby approves and confirms the retention of Balch & Bingham LLP as bond counsel to the University for the issuance of the Bonds, and the firm of Maynard, Cooper Gale, P.C., as counsel to the Underwriter for the issuance of the Bonds.

Section 16. General Authorization. The President of the University, the Executive Vice President of the University and the Secretary of the Board are hereby authorized to execute such further certifications or other documents and to take such other action as any of them may deem appropriate or necessary for the consummation of the matters covered by this resolution, to the end that the Bonds may be executed and delivered as promptly as practicable and on terms most advantageous to the University.

Exhibit I
Supplemental General Fee Indenture

Exhibit II
Bond Purchase Contract

Exhibit III
Preliminary Official Statement

Exhibit IV
Escrow Trust Agreement