Approval of Resolution to Authorize Refunding of Outstanding Bonds

Previously, the Board of Trustees has approved resolutions authorizing specific bond refundings, at the time of the proposed transaction, when there have been sufficient debt service savings to warrant the refunding of all or a portion of a bond issue.

The proposed resolution requests the Board of Trustee’s authorization for the Treasurer and Assistant Treasurer to plan and execute the refunding of any of an outstanding bond issue when the financial conditions generate sufficient savings. The Indiana Finance Authority (the “IFA”) maintains a refunding debt issuance policy that applies to state issuers of debt, including state educational institutions such as Purdue. Under the IFA’s current policy and Purdue’s own practice, bond issues are not generally considered for refunding unless there is at least a 3% net present value savings of the refunded bonds or unless the other requirements of the IFA policy can be met. This resolution allows the Treasurer and Assistant Treasurer to make a finding, on behalf of the Board, that the university will benefit from any such refunding transaction that can meet these requirements.

Additionally, the resolution grants to the Treasurer and Assistant Treasurer the authority (a) to redeem any outstanding bond series that are callable in accordance with their terms, (b) to defease any non-callable bonds that are part of the same series to be redeemed in such a callable bond redemption, and (c) to implement refundings of certificates of participation, which, in each case, the Treasurer and the Assistant Treasurer have determined will benefit the university.

The actions authorized in this resolution will help streamline and improve coordination, planning, and execution of refundings or bond call opportunities in the financial markets.
RESOLUTION OF THE BOARD OF TRUSTEES
OF THE TRUSTEES OF PURDUE UNIVERSITY

(1) MAKING A GENERAL FINDING THAT PURDUE UNIVERSITY (THE "UNIVERSITY") WILL BENEFIT FROM THE REFUNDING OF AN OUTSTANDING SERIES OF BONDS ISSUED BY THE TRUSTEES OF PURDUE UNIVERSITY (THE "CORPORATION") IF CERTAIN CRITERIA ARE MET;

(2) AUTHORIZING THE REFUNDING OF ANY SUCH BOND SERIES THAT MEETS SUCH CRITERIA;

(3) GRANTING TO THE TREASURER AND THE ASSISTANT TREASURER DELEGATED AUTHORITY TO FIND AND CERTIFY ON BEHALF OF THE BOARD OF TRUSTEES THAT SUCH A REFUNDING WILL BENEFIT THE UNIVERSITY WHEN THE SPECIFIED CRITERIA ARE MET; AND

(4) GRANTING TO THE TREASURER AND THE ASSISTANT TREASURER DELEGATED AUTHORITY TO TAKE ALL NECESSARY ACTIONS TO REDEEM OUTSTANDING BONDS THAT ARE CALLABLE IN ACCORDANCE WITH THEIR TERMS, TO DEFEASE NON-CALLABLE BONDS THAT ARE PART OF THE SAME CALLABLE SERIES, AND TO IMPLEMENT REFUNDINGS OF CERTIFICATES OF PARTICIPATION

WHEREAS, from time to time the University issues bonds under applicable provisions of Indiana law for the purpose of financing projects and advancing its educational and research mission; and

WHEREAS, the Board of Trustees of the Corporation (the “Board”) has on prior occasions adopted resolutions to authorize the refunding of specified bonds under certain economic conditions and when the Board has found that refunding all or a portion of such bonds would produce sufficient debt service savings to the University; and

WHEREAS, various Indiana statutes that authorize state educational institutions, including the University, to issue bonds for various purposes provide for the refunding or advance refunding of outstanding bonds whenever a board of trustees finds that the action will benefit the institution because either (1) a net savings to the institution will result, or (2) the net present value of principal and interest payments on the newly-issued bonds is less than the net present value of the principal and interest payments on the outstanding bonds to be refunded (hereinafter, the “Benefit Finding”); and

WHEREAS, the statutory provisions that require the Board to make a Benefit Finding in connection with a refunding of outstanding bonds are found in IC 21-34-6-6(b) (for bonds associated with acquiring, constructing, improving and operating certain building facilities and equipment); IC 21-35-2-21(b) (for revenue bonds associated with the construction and operation of various types of auxiliary facilities); and IC 21-35-3-22(b) (for revenue bonds associated with certain support and research facilities) (collectively, the “Authorizing Statutes”); and
WHEREAS, IC 21-38-3-2(b) authorizes the Board to delegate to Corporation officers and
University employees the authority that the Board possesses when necessary or convenient to execute
the will of the Board and to aid in the formulation and implementation of University policies; and

WHEREAS, the Indiana Finance Authority from time to time adopts a debt management plan
and related policies pursuant to IC 4-4-11, which include a “refunding debt issuance policy” that
applies to refundings of debt issuances by all state issuers, including state educational institutions (the
“IFA Refunding Policy”); and

WHEREAS, in order to streamline and improve the coordination, planning and execution of
bond refundings when favorable market conditions present themselves, the Board desires to delegate to
the Treasurer and the Assistant Treasurer the authority to make the required Benefit Finding under
each applicable Authorizing Statute on the Board’s behalf, as long as such a Benefit Finding is
consistent with the criteria specified in this resolution and with the requirements of the IFA Refunding
Policy in effect from time to time; and

WHEREAS, the Board further desires to delegate to the Treasurer and the Assistant Treasurer
the authority to take any and all actions that they deem necessary and appropriate (i) to redeem any
outstanding bonds that are callable in accordance with their terms, (ii) to defease any non-callable
bonds that are part of the callable series to be redeemed in the same transaction, and (iii) to explore and
implement refundings of certificates of participation issued by the Corporation or issued by the
Corporation’s affiliates for projects sponsored by the Corporation:

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board as follows:

1. The Board hereby makes a general finding that, whenever a proposed refunding of any
outstanding bonds is, in the estimation of the Treasurer and the Assistant Treasurer, capable of
(a) yielding net present value savings on the outstanding debt service associated with such
bonds at the level required by the IFA Refunding Policy then in effect and/or (b) otherwise
achieving (or receiving an exemption from) the requirements of such policy (collectively, the
“Refunding Criteria”), the proposed refunding shall be deemed to be a benefit to the University
sufficient to support the Benefit Finding under the applicable Authorizing Statute.

2. Pursuant to IC 21-38-3-2(b), the Board hereby delegates to the Treasurer and the Assistant
Treasurer, and each of them, the authority to make the Benefit Finding for any proposed
refunding that meets the Refunding Criteria (hereinafter, a “Pre-Authorized Refunding”).

3. Once the Treasurer or the Assistant Treasurer has made such a Benefit Finding for a Pre-
Authorized Refunding, the Board hereby authorizes the Treasurer and the Assistant Treasurer,
and each of them, to certify on the Board’s behalf: (i) that the required Benefit Finding has
been made under the applicable Authorizing Statute; (ii) if required under the Authorizing
Statute, that the final maturity of the bonds allocable to the Pre-Authorized Refunding will not
exceed the final maturity of the refunded bonds; and (iii) the completion of any other actions
required under the terms of the Pre-Authorized Refunding transaction, the provisions of the
applicable Authorizing Statute, or the provisions of the IFA Refunding Policy then in effect.

4. The Treasurer and the Assistant Treasurer, and each of them, are hereby further authorized and
empowered, and are hereby vested with all necessary authority, to take any and all actions that
they deem necessary and appropriate, whether based on an assessment of market conditions,
treasury management opportunities, tax considerations or otherwise: (a) to redeem any outstanding bonds that are callable in accordance with their terms (hereinafter, a “Callable Bond Redemption”), (b) to defease any non-callable bonds that are part of the series to be redeemed in a Callable Bond Redemption (hereinafter, a “Tag-Along Defeasance”), and (c) to implement refundings of certificates of participation issued by the Corporation or issued by the Corporation’s affiliates for projects sponsored by the Corporation (hereinafter, a “COPS Refunding”), which, in each case, the Treasurer and the Assistant Treasurer, and each of them, has determined will benefit the Corporation and/or the University.

5. Pursuant to IC 21-38-3-2(b), the Board hereby delegates to the Treasurer and the Assistant Treasurer, and each of them, the authority to approve: (a) the general terms and conditions of a Pre-Authorized Refunding, a Callable Bond Redemption, a Tag-Along Defeasance, or a COPS Refunding (each hereinafter, a “Pre-Authorized Transaction”); (b) the final principal amount, maturities, denominations, interest payment dates, security, manner of sale and other necessary terms of the bonds associated with such Pre-Authorized Transaction; (c) the issuance of a new series of bonds, certificates of participation or other forms of financing in one or more series in connection with a Pre-Authorized Transaction; and (d) the form of all indentures, agreements, amendments to existing agreements and other documents relating to the refunding plan and any new financing arrangement associated with a Pre-Authorized Transaction. In connection with any such Pre-Authorized Transaction, the Treasurer and the Assistant Treasurer, and each of them, is further authorized to approve and execute, in the name and on behalf of the Corporation, such indentures, agreements, documents, certificates, instruments and other writings, to determine and fix the final terms and conditions of the transaction, and to take such other actions, in each case as the Treasurer or Assistant Treasurer deems appropriate in his sole discretion.

6. The Chairman, Vice Chairman, Treasurer, Assistant Treasurer, Legal Counsel, Secretary and Assistant Secretary of the Corporation, and the Treasurer and Chief Financial Officer and the Senior Vice President and Assistant Treasurer of the University, and each of said officers respectively, are hereby authorized and empowered for, on behalf of, and in the name of the Corporation, or of the University, to: (a) request any necessary approvals of the Indiana Commission for Higher Education, the Governor of the State of Indiana, the State Budget Committee the State Budget Agency, and the State Budget Director for the actions hereinabove authorized, as well as such other governmental approvals as may be required by law; and (b) execute and deliver any and all documents and instruments and take any and all other actions as may be necessary or appropriate to carry out the purpose and intent of this Resolution, whether therein or herein specifically authorized or not, except for such actions as are specifically required by law to be taken by the Board as the governing body of the Corporation.