

**SHEPHERD UNIVERSITY RESIDENTIAL
 APARTMENT COMPLEX AND
 AMENDED INDUCEMENT RESOLUTION**

The University staff and Little architects have completed the schematic designs for the Residential Apartment Complex. The complex will consist of two buildings, almost mirror images of one another, holding a total of three hundred student beds. Apartment suites will range in size from two to six beds, each. Following is one overhead drawing of the placement of the two buildings on the West Campus, directly north of the recently completed Parking Lot K. Each building will be three stories, concrete construction.

At the meeting, the complete schematics will be presented for approval.

In late spring it was expected that the financing of the Shaw/Thacher renovations could be effectively subsumed into the aggregate borrowing authority of \$25 million approved by the Board. As the project design for the Residential Apartment Complex has progressed, it has become more clear that the \$1.86 million borrowed on that note would indeed require undesirable compromises on building design. This would include converting to wood rather than concrete construction. Concrete improves noise reduction, is more durable, and enhances the prospect of isolating any fire damage to a confined area.

To maintain the desired design features, an additional two million dollars of aggregate borrowing authority would be needed, and an amended inducement resolution would be appropriate to permit the University to reimburse itself for project expenses incurred prior to issuance of the 2005 Housing and Dining bonds. These funds would be utilized in the following manner:

27,000,000	Maximum borrowing authority
- 3,405,000	Borrowed for infrastructure
\$23,595,000	Maximum new bond sales
23,370,000	Planned Bond issuance
- 1,865,000	Redemption of Shaw /Thacher Note
\$21,505,000	Available funds
149,568	Underwriter's discount
120,000	Issuance costs (estimate)
270,530	Gross Bond Insurance Premium
1,514,467	Debt Service Reserve
- 1,147,779	Capitalized Interest
\$18,300,000	Apartment project funds (rounded)

This total amount of project funds will cover A & E, building construction, and site work, with the following budget:

Construction costs:	\$15,790,000
Architectural fees	\$ 2,000,000
Project Management	\$ 150,000
Furniture	<u>\$ 360,000</u>
	\$ 18,300,000

A complete break-out updated, preliminary financial analysis for the bond offering is included in the following pages.

The following resolutions are recommended for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approves the schematic designs for the Shepherd University Residential Apartment Complex.

RESOLVED,

**SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING
INDUCEMENT RESOLUTION STATING THE REASONABLE EXPECTATION OF
THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS TO REIMBURSE
SHEPHERD UNIVERSITY FOR
CAPITAL EXPENDITURES IN CONNECTION WITH THE
PLANNING, DESIGN, ACQUISITION, CONSTRUCTION AND
EQUIPPING OF A NEW STUDENT HOUSING PROJECT AND ASSOCIATED
PARKING LOTS, NEW WEST CAMPUS ROADWAYS AND UTILITIES
INFRASTRUCTURE, AND OTHER CAPITAL IMPROVEMENTS
FOR USE BY SHEPHERD UNIVERSITY MADE PRIOR TO
THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS
AND TAKING OTHER ACTIONS IN CONNECTION WITH SAID BONDS**

WHEREAS, Shepherd University, formerly Shepherd College (the “University”) is an institution of higher education of the State of West Virginia governed by the Shepherd University Board of Governors (the “Board”), which is empowered and authorized by Chapters 18 and 18B of the Code of West Virginia, 1931, as amended, among other things, in furtherance of the public purposes of the University, to issue revenue bonds of the University to finance capital improvements at the University and as security for the payment of the principal and redemption price of, and interest on, any such bonds so issued and any agreements made in conjunction therewith, to pledge the revenues and receipts from certain student fee and other revenues of the University to secure the payment of such bonds and interest thereon;

WHEREAS, on January 8, 2004, the Board adopted an Inducement Resolution (the "Inducement Resolution") with respect to the financing of the costs of the planning, design, acquisition, construction and equipping of a new student housing project and associated parking lots, new west campus roadways and utilities infrastructure and other capital improvements for use by the University (collectively, the "Project"), and other matters relating thereto, which Inducement Resolution was captioned as follows:

INDUCEMENT RESOLUTION STATING THE REASONABLE EXPECTATION OF
THE SHEPHERD COLLEGE BOARD OF GOVERNORS TO REIMBURSE SHEPHERD COLLEGE FOR
CAPITAL EXPENDITURES IN CONNECTION WITH THE
PLANNING, DESIGN, ACQUISITION, CONSTRUCTION AND
EQUIPPING OF A NEW STUDENT HOUSING PROJECT AND ASSOCIATED PARKING LOTS, NEW WEST
CAMPUS ROADWAYS AND UTILITIES INFRASTRUCTURE, AND OTHER CAPITAL IMPROVEMENTS
FOR USE BY SHEPHERD COLLEGE MADE PRIOR TO
THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS
AND TAKING OTHER ACTIONS IN CONNECTION WITH SAID BONDS

WHEREAS, as set forth in the Inducement Resolution as originally adopted, the aggregate cost of the Project was estimated to be not in excess of \$25,000,000; and

WHEREAS, due to recent developments, the Board has determined that the estimated aggregate cost of the Project has increased and will now not exceed \$27,000,000; and

WHEREAS, as a result of said increase, the Board desires to supplement and amend the Inducement Resolution to provide that the aggregate cost of the Project originally estimated to be not in excess of \$25,000,000 be supplemented and amended to be not in excess of \$27,000,000.

NOW, THEREFORE, BE IT RESOLVED BY THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS that the estimated cost of the Project be increased from \$25,000,000, as originally set forth in the Inducement Resolution, to an amount not to exceed \$27,000,000 and that all references in the Inducement Resolution to \$25,000,000 be amended to read \$27,000,000.

The Inducement Resolution shall remain in full force and effect except as expressly supplemented and amended herein.

This Supplemental Resolution shall be effective on the date of its adoption.

Adopted this 11th day of November, 2004.