

MINUTES
Board of Trustees' Meeting
March 11, 2005, 2:00 p.m.
Troy University, Montgomery Campus

I. Call to Order

The Board of Trustees met at 2:00 p.m. on March 11, 2005, in the Civic Room at Troy University's Montgomery Campus, Montgomery, Alabama. Governor Bob Riley, Chairman of the Board, called the meeting to order.

II. Roll Call

Upon roll call, the following members, comprising a quorum, answered present: Governor Bob Riley, Dr. R. Douglas Hawkins, Dr. James R. Andrews (via telephone), Senator Gerald O. Dial, Mr. Roy H. Drinkard, Mr. Lamar P. Higgins, Mr. Milton E. McGregor, Mr. Allen E. Owen III, Mr. C. Charles Nailen, and Mr. Ryan Spry, SGA President (non-voting member). Absent: State Superintendent of Education Dr. Joe Morton, Mr. John D. Harrison and Mr. Allen Tucker.

III. Approval of Minutes (September 9, 2004)

Governor Riley stated that a draft copy of the minutes was mailed to Board members prior to the meeting. Therefore, the reading of the minutes was suspended. There being no changes, the Governor called for a motion to approve the minutes as presented.

ACTION: Senator Dial made a motion to approve the Minutes for the September 9, 2004, meeting as presented. A second to the motion was made by Mr. Higgins. Having received a motion and second, the Minutes (copies of which were mailed to Board members prior to the meeting) were approved.

IV. Reports

A. Chancellor's Comments

Chancellor Hawkins recognized the newly-elected SGA President, Ms. Jennings Shepherd, as well as the Foundation Board members in attendance at the meeting. Former Congressman Ronnie Flippo and his assistant, Vicki Wallace, were also introduced. Dr. Jim Rogers, Executive Director of the Commission on Colleges, Southern Association of Colleges and Schools, was introduced by the Chancellor as well.

The following is a summary of the Chancellor's report to the Board.

The Chancellor began his report by stating that the student population is changing—26% of America's 17M students are "non-traditional." Reports show that there are more females than males enrolling in colleges and universities. Students are more technologically savvy with a reported 3,000,000 taking Distance Learning courses. Higher education likewise is changing as well. Dr. Hawkins stated that Peter Drucker reported that over the next two decades 30-50% of U.S. colleges/universities will either close, merge or realign. By 2012 the higher education enrollment will exceed 18M. Colleges and universities are experiencing declining support from the states and are becoming more dependent upon tuition revenues. With that said, Chancellor Hawkins thanked Governor Riley for his budget recommendation this year for salary increases for K-professor.

Chancellor Hawkins provided an update on the university's progress in its Strategic Plan that was developed in 2000 for 2000-2005. Dr. Hawkins provided some background in the development of the plan and said that the Board had challenged the staff to develop a "System-Wide" planning process. The draft plan was presented to the Board of Trustees in February of 2000. Discussions at the time revealed that the university had no common System plans wherein all institutions address common needs. The university began a long process to step away from separate accreditation for our campuses and to bring all campuses under one umbrella of accreditation. The goal was to become one university by August of 2005. The Board established three primary goals in this effort: (1) to improve service to students by removing barriers created by independent accreditation, (2) to improve academics by devising uniform standards for every

program at every campus, and (3) to create "brand identity" for ONE university. Dr. Hawkins added that the Board, during today's meeting, will have the opportunity to approve a resolution for final reaffirmation. Following that, in June a report will be given to the Alabama Commission on Higher Education. In late July a celebration of One Great University will be held in Montgomery as culmination of the process.

In regard to the implementation process, Chancellor Hawkins reported that great progress has been made in the follow areas:

Academics

- Shared General Studies and progress toward common curriculum
- Common catalogs
- Common faculty handbook
- Academic governance structure

Administration

- One employee orientation and policy manual
- eCommerce System
- Common reporting system

Student Services

- One student handbook with uniform policies
- Common I.D. card – in 2005 more than 27,000 cards will be issued
- Enhanced financial aid delivery

Advancement

- "One identity"
- One fundraising arm
- One alumni association
- 13 ad agencies rolled into 1 with campaign to establish new "brand identity"

Dr. Hawkins outlined goals for 2010 as indicated below:

- Enroll 40,000 students worldwide
 - 3,000 students in Dothan
 - 5,000 students in Montgomery
 - 3,000 students in Phenix City
 - 8,000 students in Troy
 - 21,000 students in University College
- Enroll 800 international students on the Troy campus
- Raise faculty salaries to Southeast average
- Double number of African-American administrators
- Triple number of African-American faculty members
- Raise employee health insurance to state average
- Construct two new classroom buildings at Troy campus
- Construct one new classroom building at Montgomery campus
- Construct a "Fraternity Village" in Troy
- Establish an "Honors College"
- Establish a "Quality Enhancement Institute"
- Establish "International Business & Economic Development Center" to serve Southeast Alabama
- Establish a presence in 25 countries
- Offer at least five study abroad programs per year in every College
- Increase retention to 80%
- Increase academic program offerings by 20%
- Double grants and contracts
- Advancement
 - Launch \$50M capital campaign
 - Brand identity awareness in U.S. and beyond
- Doctoral degree

Chancellor Hawkins also reported that in January Troy University was the first U.S. university authorized to offer the baccalaureate in Vietnam, and we will be the first U.S. university to establish a presence in Australia.

In closing, Chancellor Hawkins stated that “we are here to serve students—that is the most important thing we do. Their success is our success. Our commitment to building One Great University is our commitment to their continued success.”

B. Special Reports

-Troy University—Worldwide – An Update

Governor Riley called upon Dr. Susan Aldridge, Vice Chancellor, University College, to brief the Board on University College initiatives. Regional Directors throughout University College sites were in attendance at the meeting and were recognized by Dr. Aldridge. Dr. Aldridge reported that University College is growing worldwide. Troy University is currently operating in 17 states outside the State of Alabama and in 11 countries, and by this summer the university will be operating in 14 countries. As of last fall, University College was serving 16,000 students which represent almost 77,000 enrollments. Troy University continues to be the largest university in the eArmyU Program. Dr. Aldridge discussed the expansion of degree programs and locations. Some of the sites mentioned include Columbo, Sri Lanka; Gwam, and Sharjah, UAE. New domestic locations in 2005 include Philadelphia, Pennsylvania; Washington, D.C. and Savannah, Georgia. Internationally, in 2005 the university will be adding sites in Seoul, Korea and Melbourne, Australia. Negotiations are underway with Turkey, Oman, Mexico and Brazil. Revenues for 2004 for University College totaled \$42.2M and for 2005 \$50M. Goals for Troy University worldwide include: 18,000 students by October 2008, 145,000 enrollments, revenues of \$100,000,000 by October 2008. Dr. Aldridge outlined strategies for 2005-2009 which included expanding degree programs, scheduling for in-class and on-line courses allowing maximum flexibility, establishing new domestic and international locations, transitioning eArmyU sites to permanent sites and eCampus expansion.

- One Great University (OGU)—SACS Perspective

Dr. Jim Rogers addressed the Board in regard to SACS' perspective on OGU. Dr. Rogers commended the university on its initiative. He provided brief comments regarding the university's background in regard to visits conducted by SACS over the years. He touched on pressures impacting colleges and universities today, and a couple of items meidge rep-ber 2008 nE00169 Tw -23

PARITY OF LIEN WITH SUCH BONDS, AND MAKING PROVISIONS
INCIDENT THERETO"

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF TROY STATE
UNIVERSITY SYSTEM, as follows:

ARTICLE I

DEFINITIONS

Section 1.1 In addition to the words and terms defined in the Bond Resolution, which are hereby incorporated herein by reference, unless the context or use clearly indicates another or different meaning or intent:

"Accountant" means an independent public accounting firm of national reputation which the Chancellor and the Treasurer are hereby authorized and entrusted to select and engage in connection with the issuance of the Series 2005 Bonds.

"Alternate Credit Enhancement" means an irrevocable letter of credit, a surety bond or other credit enhancement facility covering the payment of debt service on all or any part or series of Bonds.

"AMBAC" means AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

"Bond Counsel" means Roy S. Goldfinger, P.C., Montgomery, Alabama, or any other attorney or firm of attorneys nationally recognized on the subject of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

Board of Trustees' Meeting

March 11, 2005

Page 5

"MBIA Surety Bond" means the Debt Service Reserve Surety Bond No. 35980(2) in the amount of \$3,571,445 issued by MBIA on August 29, 2001 in favor of the Depository.

"MSRB" means the Municipal Securities Rulemaking Board.

including without limitation that such market conditions enable the University to realize, as a result of the advance refunding of all or part of the Series 1999 Bonds, not less than \$250,000 in both net present value savings and cash at the closing of the Series 2005 Bonds; and shall then be issued only in the manner, to the extent, and upon the terms and conditions set forth in Article V hereof.

Evidence satisfactory to the University that the foregoing thresholds for savings and cash have been achieved shall be set forth in the Purchase Agreement, the execution and delivery of which on the part of the University shall conclusively evidence such satisfaction, as well as the Chancellor and Treasurer's approbation of prevailing market conditions generally.

(c) If issued, the Series 2005 Bonds shall be designated "Troy State University System, General Student Fee Revenue Bonds, Series 2005" and shall be in the denominations of \$5,000 and any integral multiple thereof, fully registered as to both principal and interest, and numbered consecutively from R-1 upwards. The Chancellor and the Treasurer are hereby authorized and entrusted to make the following determinations, among others hereinafter authorized, relating to the Series 2005 Bonds, all of which shall be set forth in the Determination Document: (1) the precise principal amount thereof, (2) the maturities and aggregate principal amount of the Series 1999 Bonds to be refunded with the proceeds thereof, (3) the dated date thereof, (4) the interest rate or rates to be borne thereby, which shall be payable semiannually on May 1 and November 1 in each year, (5) the first interest payment date thereof,

ceased to be such officer of the University or as though the University had not altered its corporate seal prior to the delivery of such Bonds.

None of the Series 2005 Bonds shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder and under the Bond Resolution unless there shall have been endorsed thereon a certificate of authentication and registration in substantially the form set forth as part of the form of the Series 2005 Bonds attached as Exhibit A hereto, duly executed by the Depository, and such certificate of the Depository upon any Series 2005 Bond executed on behalf of the University shall be conclusive evidence and the only evidence that the Series 2005 Bond so authenticated has been duly issued, registered in the name of the owner thereof, and that said owner is entitled to the benefit hereof and of the Bond Resolution. The Depository's certificate of authentication and registration on any Series 2005 Bond shall be deemed to have been executed by it if manually signed by an authorized officer of the Depository, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Series 2005 Bonds.

Section 3.5 In case any of the Series 2005 Bonds shall be or become mutilated, destroyed, stolen or lost, then upon the surrender of such mutilated Bonds to the Depository, or the presentation to the University and to the Depository of evidence satisfactory to them, respectively, of the destruction, theft or loss of such Bond and that the claimant was the owner thereof at the time of such event and, in any event, upon being furnished with indemnity satisfactory to them, respectively, and upon the payment of all necessary expenses incurred by the University and the Depository in investigating said claim and in issuing a new Bond, the University shall issue and the Depository shall thereafter authenticate, register and deliver to or upon the order of such claimant a Series 2005 Bond of like tenor, date, principal amount and maturity as the Series 2005 Bond so mutilated, destroyed, stolen or lost, with such notations thereon as the University and the Depository shall determine.

Section 3.6 Each of the Series 2005 Bonds shall be fully registered as to both principal and interest in the name of the owner on registration books to be maintained for the purpose by the University at the principal corporate trust office of the Depository, which is designated as Registrar. The person in whose name each Series 2005 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of, premium, if any, and interest on any such Bond shall be made only to or upon the order of the owner thereof, or his legal representative, and neither the University, the Depository nor any agent of the University shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability of the University upon such Bond to the extent of the sum or sums so paid and each transferee of any of the Series 2005 Bonds takes it subject to all principal and interest payments in fact made.

The Series 2005 Bonds are issuable only in fully registered form. Each of the Series 2005 Bonds may be transferred by the owner in person or by authorized attorney, only on the books of the Depository and only upon presentation and surrender of the Bond to the Depository for cancellation with a written instrument of transfer acceptable to the Depository executed by the owner or his duly authorized attorney, and upon any such transfer, one or more new Series 2005 Bonds of authorized denominations and of like tenor shall be issued to the transferee in exchange therefor.

The owner of any Series 2005 Bond in a face amount greater than the smallest authorized denomination thereof may surrender the same in exchange for multiple Series 2005 Bonds of authorized denominations aggregating the same principal amount as the Bond so surrendered, with each such Bond having the same year of maturity and bearing interest at the same rate (which may be a variable rate) as the Bond so surrendered. The owner of two or more Series 2005 Bonds having the same maturity date and interest rate may surrender the same in exchange for a single Series 2005 Bond in the aggregate principal amount of the Bonds so surrendered and having the same year of maturity and bearing interest at the same rate as the Bonds so surrendered.

The Depository shall not be required to transfer or exchange any Series 2005 Bond during the period of 15 days next preceding any date on which either principal or interest or both is to be paid with respect to such Bond; and in the event that any Series 2005 Bond (or any part thereof) is duly called for redemption, the Depository shall not be required to exchange or transfer any such Bond during the period of 45 days next preceding the date fixed for such redemption. No charge shall be made for the privilege of transfer or exchange, but the owner of any Series 2005 Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto.

Board of Trustees' Meeting

will enable the University to make any necessary rebate payments in full and timely manner, in accordance with Section 9.1(h) hereof.

ARTICLE VI

REFUNDING OF SERIES 1999 BONDS

Section 6.1 All provisions of this Article VI shall be effective if and only if the Chancellor and Treasurer, in the exercise of the discretion herein vested in them, shall have determined, based on prevailing market conditions, to proceed with the issuance of the Series 2005 Bonds for the purpose of refunding all or part of the Series 1999 Bonds.

Section 6.2 This Board hereby calls for redemption, on November 1, 2007, such amount and maturities of the Series 1999 Bonds maturing on or after November 1, 2008 as shall be set forth in the Determination Document pursuant to Section 3.1(c)(2) hereof. This Board further declares and determines that the foregoing call for redemption is irrevocable.

Section 6.3 (a) This Board hereby authorizes the preparation by Bond Counsel, and the execution and delivery on behalf of the University by the Chancellor, of the Escrow Agreement, which shall fully satisfy the requirements of Section 12.3(a) of the Series 1999 Resolution.

(b) This Board hereby finds and determines that, upon the execution and delivery and pursuant to the terms of the Escrow Agreement, (i) an irrevocable trust fund shall be created in the custody of the Escrow Trustee, sufficient in amount to provide for the payment and retirement of those of the Series 1999 Bonds to be redeemed (including payment of all interest thereon, as such interest becomes due and payable, and any premium thereon due upon redemption), at their respective maturities and/or redemption prior to their respective maturities; and (ii) irrevocable powers shall be conferred upon the Escrow Trustee to mail or publish such notice of the redemption of such Series 1999 Bonds as is required to be given pursuant to the provisions thereof and of the

Board of Trustees' Meeting

March 11, 2005

Page 12

the University in conformity with accounting principles generally accepted in the United States of America;

(b) To each NRMSIR and to the SID, when and if available, audited financial statements of the University, provided such audit may be conducted by the State Department of Examiners of Public Accounts or any successor agency thereto;

(c) To each NRMSIR or to MSRB, at 1900 Duke Street, Suite 600, Alexandria, VA 22314-3412 (or at such different address as MSRB may have from time to time), and to the SID, notice in a timely manner of any

Board of Trustees' Meeting

Board of Trustees' Meeting

March 11, 2005

Page 15

they may reasonably require to reach a credit and pricing decision. If successful in obtaining satisfactory commitments for such Policy and/or Alternate Credit Enhancement, the Chancellor and the Treasurer are hereby authorized to execute and deliver, subject to the review of Bond Counsel, any and all documents (including without limitation one or more commitment letters or reimbursement agreements), and to take any and all other actions (including without limitation the payment of the agreed-upon premiums therefor), necessary to consummate the issuance of such Policy and/or Alternate Credit Enhancement. The Chancellor and Treasurer are further authorized, subject to the review of Bond Counsel, to approve and adopt, in the Determination Document, such provisions and amendments supplementing this Resolution as are customarily requested and approved in connection with the issuance of such Policy and/or Alternate Credit Enhancement, which provisions and amendments shall appear as an appendix to the Determination Document and are hereby authorized to be designated and to constitute "Article XII" of this Resolution.

EXHIBIT A
(Form of Series 2005 Bond)

(Form of Face of Bond)

UNITED STATES OF AMERICA
STATE OF ALABAMA

TROY STATE UNIVERSITY SYSTEM
GENERAL STUDENT FEE REVENUE BOND, SERIES 2005

REGISTERED
NO. R-

REGISTERED
\$

(Form of Reverse of Bond)

Those of the Series 2005 Bonds having a stated maturity in _____ and thereafter are subject to redemption prior to their respective maturities, at the option of the University, on or after November 1, _____, as a whole or in part on any date (and if in part, the maturities of those to be redeemed to be selected by the University, and if less than all the Series 2005 Bonds of a maturity are to be redeemed, in installments of \$5,000 or any integral multiple thereof, selected from such maturity by the Depository by random selection) at the redemption prices (expressed as percentages of principal amount) set forth in the following table, plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
---	-----------------------------------

greg)1(c)-6(t)denHale5(c)-5(max)5(m)prg5(b)S]J40-3)2(A)m2(ch)hU.0140-0312053.0033 T3v21049007 RE51(r)65(ch)6mda0

[The Series 2005 Bonds maturing on November 1, _____ (the "_____ Bonds") are subject to mandatory sinking fund redemption in part, by operation of mandatory sinking fund requirements, on November 1 of each of the following years, at a redemption price equal to 100% of the following respective principal amounts to be redeemed in such years, plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

If retired only by mandatory sinking fund redemption prior to their stated maturity, there would remain \$_____ in principal amount of the _____ Bonds to be paid at maturity.

The University has the option to deliver _____ Bonds to the Depository as registrar for cancellation, in any aggregate principal amount, and to receive a credit against the then-current mandatory sinking fund requirements and corresponding mandatory redemption obligation for such Bonds. Each such Bond so delivered, or previously redeemed, or purchased and cancelled, shall be credited by the Depository at 100% of the principal amount thereof against the then-current mandatory sinking fund obligation for such Bonds. Any excess of that amount over the then-current mandatory sinking fund requirements shall be credited against subsequent mandatory sinking fund redemption obligations for such Bonds.]

redemption, in the event that less than r

deny that, insofar as the University and the Depository are concerned, this Bond may be transferred only in accordance with the provisions of the Series 2005 Resolution.

No charge shall be made for the privilege of transfer or exchange, but the owner hereof requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The Depository shall not be required to transfer or exchange this Bond during the period of 15 days next preceding any interest payment date; and, in the event that this Bond is duly called for redemption, the Depository shall not be required to transfer or exchange this Bond during the period of 45 days next preceding the date fixed for such redemption.

Provision is made in the Series 2005 Resolution for the replacement of any Series 2005 Bond which shall be or become mutilated, lost, stolen or destroyed, by the issuance, authentication and registration of a new Series 2005 Bond

The following abbreviations, when used in the

-Resolution No. 2--

IV. Course Fees

Fees for specific courses shall be consistent across all campuses and sites of Troy University in keeping with the common course syllabi and numbering system. This matter must be initiated by the multi-campus deans, reviewed by the Provost and his staff and a final recommendation submitted to the Chancellor's Cabinet. Multi-campus deans should review current course fees from the various campuses (they can be obtained through the current campus bulletin or from the chief financial officer on each campus)

bulletin for all campuses; (3) having uniform policies and procedures for all campuses; and (4) maintaining common standards for all campuses; and

WHEREAS, the Board of Trustees in its September 9, 2004, meeting adopted a resolution containing a timeline that enabled an orderly transition to one university consistent with State and Federal Requirements and consistent with the deadlines and approval dates of the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) Commission on Colleges and with the Alabama Commission on Higher Education (ACHE); and

WHEREAS, the SACS' Commission on Colleges at its December, 2004, meeting took positive action on the Troy Prospectus for consolidating into one university with an effective date of August 1, 2005;

WHEREAS, the SACS Commission on Colleges approved at its December, 2004, meeting the Troy State University System Prospectus requesting consideration by the Commission on Colleges for approval of Troy State University's intent to consolidate as one accredited university with August, 2005, as the effective date of the consolidation and pending final approval of the Troy State University System Board of Trustees; and

WHEREAS, as noted in the Board of Trustees' September 9, 2004, resolution that upon positive action of SACS' Commission on Colleges at its December, 2004, meeting the Board of Trustees at its Spring, 2005, meeting would officially ratify the SACS action to approve the consolidation into one university and would by ratification officially state the intent of consolidating into one university effective, August 1, 2005; and

WHEREAS, upon approval of this resolution on this date of March 11, 2005, the University Administration is authorized to present the SACS' approved and Troy Board of Trustees' ratified prospectus to the Alabama Commission on Higher Education (ACHE) at its June 24, 2005, meeting as an information item.

THEREFORE BE IT RESOLVED THAT, by this resolution of the Board of Trustees adopted on the 11th of March, 2005, that this Board of Trustees based upon the positive action of SACS' Commission on Colleges at its December, 2004, meeting concerning the Troy Prospectus requesting approval to consolidate into one university, the Board of Trustees at its Spring, 2005, meeting officially ratifies the SACS action to approve the consolidation into one university and by this ratification officially states the intent of consolidating into one university effective, August 1, 2005, subject to the final action by the Alabama Commission of Higher Education at its June 24, 2005, Commission meeting.

V. Other Business

**-Resolution No. 4--Board of Trustees' Report to the
Alabama Commission on Higher Education**

Governor Riley called upon Dr. Roach to introduce Resolution No. 4. Dr. Roach reported that Resolution No. 4 would simply allow the university to prepare the report due from the Board of Trustees under the Statewide Plan under the Alabama Commission on Higher Education. He added that Chancellor Hawkins and he were working on the report and were asking the Board to approve the preparation process with the document to be mailed to the Board for review no later than April 15. Following the review, the university will seek final approval by the Board in order to present to the Commission.

Resolution No. 4

ACTION: Senator Dial made a motion to adopt Resolution No. 4. Seconded by Mr. Owen, Resolution No. 4 was approved.

Resolution on Board of Trustees May 1, 2005, Report to