

## AUBURN UNIVERSITY

## \$66,415,000 GENERAL FEE REVENUE BONDS, SERIES 2014-A

## BOND PURCHASE CONTRACT

Dated July 1, 2014

Auburn University  
Auburn, Alabama

Ladies and Gentlemen:

Merchant Capital, L.L.C. (the "Underwriter") offers to enter into the following agreement with Auburn University, a public corporation and instrumentality of the State of Alabama (the "University"), which upon the acceptance by the University of this offer, will be binding upon the University and, subject to the terms and conditions set forth herein, upon the Underwriter. Terms not otherwise defined herein shall have the same meanings assigned to such terms in the Seventeenth Supplemental Indenture hereinafter referred to.

1. **Purchase and Sale of the Bonds.** (a) Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the University, and the University hereby agrees to sell to the Underwriter, the University's General Fee Revenue Bonds, Series 2014-A in the aggregate principal amount of \$66,415,000 (the "Bonds") at the purchase price of \$74,948,065.85 (face amount less Underwriter's discount of \$398,490.00 plus net original issue premium of \$8,931,555.85), plus accrued interest. The obligation of the University to sell, and of the Underwriter to purchase hereunder, are with respect to all (but not less than all) of the Bonds.

(b) The Bonds shall be substantially as described in the Preliminary Official Statement dated June 27, 2014 (the "Preliminary Official Statement") and in the Official Statement dated the date hereof (as it may be amended or supplemented from time to time, the "Official Statement"), and in the Seventeenth Supplemental Trust Indenture dated as of July 1, 2014 (the "Seventeenth Supplemental Indenture") between The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), and the University, authorizing the issuance of the Bonds, with additions and changes necessary to reflect the pricing information in Exhibit A (the "Pricing Terms"). The proceeds of the sale of the Bonds will be used as described in the Official Statement.

2. **Approval of Official Statement and Other Documents.** At or before the Closing (as hereinafter defined), the University shall deliver to the Underwriter such reasonable number of copies of the Official Statement as the Underwriter shall request. The University has authorized and approved or will authorize and approve the Seventeenth Supplemental Indenture and the Bonds each with such changes made prior to Closing as may be approved by the University and the Underwriter. The Seventeenth Supplemental Indenture, the Preliminary Official Statement, the Official Statement and this Bond Purchase Contract are collectively referred to herein as the "University Documents". The University ratifies and consents to the use by the Underwriter of the Preliminary Official Statement in connection with the offering of the Bonds prior to the date hereof, which the University deemed final as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

3. **Representations, Warranties and Covenants of the University.** The University represents and warrants to and covenants with the Underwriter that:

- (a) The University is a public corporation and instrumentality of the State of Alabama.
- (b) The Board of Trustees of the University has duly adopted a resolution on June 27, 2014 (the "Bond Resolution"), authorizing the execution and delivery of the University Documents, the issuance and sale of the Bonds and all actions necessary or appropriate to carry out the same.
- (c) The University has full power and authority to issue and sell the Bonds as provided in the Seventeenth Supplemental Indenture and the Official Statement and to execute, deliver and perform its obligations under the University Documents.
- (d) Each meeting of the Board of Trustees of the University at which action was taken or considered in connection with the University Documents, including the meeting at which the Bond Resolution was adopted, was a duly noticed and held meeting, open to the public at all times.
- (e) This Bond Purchase Contract has been duly authorized, executed and delivered by the University and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding obligation of the University.
- (f) The remaining University Documents, when executed and delivered by the University, and assuming the due authorization, execution and delivery by the other parties thereto, will constitute valid and binding obligations of the University.
- (g) When delivered to and paid for by the Underwriter in accordance with the terms of this Bond Purchase Contract and duly authenticated by the Trustee, the Bonds will have been duly authorized, executed, issued and delivered, and will constitute legal, valid and binding limited obligations of the University.
- (h) The Official Statement does not at the date hereof, and will not as of the Closing, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.
- (i) There is no action, suit, proceeding or investigation at law or in equity before or by any court, either state or federal, or public board or body, pending or threatened, calling into question the existence or operations (except as may be disclosed in the Official Statement) of the University, the validity of the University Documents or the Bonds or the authority of the University to enter into the University Documents or to issue the Bonds.
- (j) The authorization, execution and delivery by the University of the University Documents will not violate any existing decree, writ or injunction and will not contravene the provisions of, constitute a default under, or result in the creation of a lien, charge or encumbrance prohibited by, any existing agreement, indenture, bond resolution or other instrument to which the University is a party or by which the University or any of its assets are bound.
- (k) The University is not in default, and at no time has been in default, in the payment of principal of, premium, if any, or interest on, or otherwise in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.
- (l) The University will notify the Underwriter of any event occurring before Closing or within 25 days after the end of the underwriting period for the Bonds (within the meaning of Rule

15c2-12) which would require a change in the Official Statement in order to make the statements therein, in light of the circumstances under which made, not misleading and will furnish to the Underwriter such reasonable number of copies as the Underwriter shall request of amendments or supplements to the Official Statement in order that the statements in the Official Statement, as so amended or supplemented, will not, in the light of the circumstances under which made, when the Official Statement as so amended or supplemented is delivered to a purchaser, be misleading.

(m) The University will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offering and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may request; provided, that in no event shall the University be obligated to consent to service of process in any jurisdiction other than the State of Alabama.

(n) Except as described in the Official Statement, during the five (5) years prior to the Closing date, the University has not failed to comply, in any material respect, with its obligations in any continuing disclosure "undertaking" entered into by the University under the provisions of Rule 15c2-12.

(o) The University will provide or cause to be provided such information as is outlined in the section of the Official Statement entitled, "CONTINUING DISCLOSURE" to the Municipal Securities Rulemaking Board, via its Electronic Market Access System, and to the Underwriter in accordance with the provisions of Rule 15c2-12.

Any certificate signed by any official of the University and delivered to the Underwriter shall be deemed a representation and warranty by the University to the Underwriter as to statements made therein.

4. **Closing.** On or prior to 12:00 p.m., local time, on July 24, 2014, at the offices of Balch & Bingham LLP in Birmingham, Alabama, or at such other time or such other date or such other place as shall have been mutually agreed upon by the University and the Underwriter, (a) the University will deliver, or cause to be delivered, to the Underwriter, the Bonds in definitive form duly executed by the University and authenticated by the Trustee, and (b) the Underwriter will accept such delivery and pay the purchase price of the Bonds, subject to the provisions hereof including, without limitation, Section 6 hereof, by wire transfer to an account designated by the Trustee or by delivering a check payable in immediately available funds, payable to the Trustee, as provided in the Seventeenth Supplemental Indenture, or by such other means as is acceptable to the University, the Underwriter, and the Trustee. The above described payments and delivery is herein called the "Closing."

The Bonds will be delivered to the Underwriter at the Closing in accordance with the book-entry only procedures of DTC.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error in the printing of such number shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for any Bonds. The University will cooperate with the Underwriter to obtain the CUSIP numbers.

5. **Termination of Bond Purchase Contract.** The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, after the time of execution hereof and on or before the date of Closing: (1)(A) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States, or recommended by the President of the United States to the Congress of the United States for passage,

or favorably reported for passage to either the House of Representatives or the Senate by any committee of either body to which such legislation has been referred for consideration, (B) a decision shall be entered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, or (C) a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which in each such case has the purpose or effect of including the interest on any of the Bonds in the gross income of the owners of such Bonds for federal income tax purposes; (ii) legislation shall be enacted, or actively considered for enactment by the United States Congress, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, the effect of which is that (A) the Bonds, or any other "security" as defined in the Securities Act of 1933, as amended and as then in effect (the "Securities Act") relating to the Bonds, is not exempt from the registration, qualification or other requirements of the Securities Act or the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder (the "Exchange Act"), or (B) the Seventeenth Supplemental Indenture is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act"), except for modifications of any law or regulation referred to in either subclause (A) or (B) of this clause (ii) in effect on the date hereof with which the University complies, has complied or undertakes to comply; (iii) a stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Official Statement, is or would be in violation of any provision of the Securities Act, the Exchange Act, the Trust Indenture Act, or other federal law; (iv) there shall occur any event which in the reasonable judgment of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either case, the University refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or the effect of the Official Statement as so corrected or supplemented is, in the reasonable judgment of the Underwriter, to materially adversely affect the market for the Bonds; (v) there shall have been an outbreak or escalation of hostilities or any other insurrection or armed conflict or any calamity or crisis which, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds; (vi) there shall have been a general suspension of trading in securities on the New York Stock Exchange, the American Stock Exchange, the Pacific Stock Exchange, the Chicago Board of Trade, or the National Association of Securities Dealers Automated Quotations system, the effect of any of which on the financial markets of the United States is, in the reasonable judgment of the Underwriter, to materially adversely affect the market for the Bonds; (vii) a banking moratorium shall have been declared by federal, Alabama or New York authorities; (viii) there shall have occurred any material adverse change in the affairs of the University or the transactions contemplated by this Bond Purchase Contract which in the reasonable judgment of the Underwriter materially adversely affects the market for the Bonds; (ix) there shall be any litigation, pending or threatened, which, in the reasonable judgment of the Underwriter, makes it impracticable or inadvisable to offer or deliver the Bonds on the terms contemplated by the Official Statement; (x) any rating of the Bonds or any other securities of the University shall have been downgraded or withdrawn by a national rating service, or the use thereof shall have been conditioned, limited or restricted, or otherwise modified, by said national rating service, which, in the Underwriter's opinion, materially and adversely affects the market price of the Bonds; or (xi) the University Documents and the Bonds are not executed, approved and delivered. In the event of any termination of this Bond Purchase Contract permitted under this Section 5, there shall be no liability of any party to this Bond Purchase Contract to any other party, other than as provided in Section 8.

6. **Conditions to the Underwriter's Obligations.** The obligations of the Underwriter hereunder shall be subject to the performance by the University of its obligations to be performed hereunder at and prior to the Closing and to the following conditions:

(a) At the time of the Closing, the University Documents and the Bonds shall be in full force and effect in the form heretofore approved by the University, the Trustee and the Underwriter and none of the foregoing documents shall have been amended, modified or supplemented from the forms thereof as of the date hereof, except as may have been approved by the Underwriter, the Closing in all events, however, to be deemed such approval.

(b) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the University:

(1) The approving bond opinion of Balch & Bingham LLP, Bond Counsel, dated the date of Closing, substantially in the form appearing as Appendix C to the Official Statement;

(2) The supplemental opinion of Balch & Bingham LLP, Bond Counsel, dated the date of Closing, in form and substance satisfactory to the Underwriter;

(3) A certificate dated the date of Closing and signed by the President or Vice President and the Secretary of the University to the effect that (A) each of the representations and warranties of the University set forth in Section 3 hereof and in the University Documents shall be accurate as if made on and as of the date of Closing, (B) all of the conditions and agreements required in this Bond Purchase Contract to be satisfied or performed by the University at or prior to the date of Closing shall have been satisfied or performed in the manner and with the effect contemplated herein and (C) as of the date of Closing, no event of default under the University Documents has occurred and is continuing and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute such an event of default;

(4) Written evidence satisfactory to the Underwriter that Standard & Poor's Rating Service and Moody's Investors Service have issued ratings of "AA-" and "Aa2", respectively, with respect to the Bonds, and such ratings shall be in effect on the date of Closing; and

(5) Such additional opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request in connection with the transactions contemplated by this Bond Purchase Contract.

7. **Non-Satisfaction of Conditions.** If any of the conditions to the obligations of the Underwriter contained in Section 6 or elsewhere in this Bond Purchase Contract shall not have been satisfied when and as required herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing by written notice to the University.

8. **Expenses.** The University shall pay any expenses incident to the performance of the obligations hereunder including but not limited to: (i) the cost of the preparation and printing of the University Documents, together with a reasonable number of copies thereof; (ii) the cost of the preparation, printing and delivery of the Preliminary Official Statement and the Official Statement, together with a reasonable number of copies thereof; (iii) the cost of the preparation of the Bonds; (iv) the fees and disbursements of counsel to the Underwriter and of any other experts or consultants retained by the Underwriter or the University; (v) the fees and disbursements of Bond Counsel; (vi) the fees for Bond ratings; and (vii) all registration or filing fees and related costs and expenses incurred in connection with the qualification of the Bonds under state security (or

"blue sky") laws and the preparation and printing of any blue sky survey and any legal investment memorandum relating to the Bonds.

9. **Miscellaneous.** (a) Any notice or other communication to be given to the University under this Bond Purchase Contract shall be deemed given when delivered in person to its address set forth on the first page hereof, or when mailed by first class mail, postage prepaid, and addressed to such address, or when confirmation is received by the sender that any telex, telegram or telecopy to the University at such address has been received. Any notice or other communication to be given to the Underwriter under this Bond Purchase Contract shall be deemed given when delivered in person to the address set forth below, or when mailed by first class mail, postage prepaid and addressed to such address, or when confirmation is received by the sender that any telex, telegram or telecopy to the Underwriter at such address has been received by it, as follows:

Merchant Capital, L.L.C.,  
2660 EastChase Lane  
Lakeview Center, Suite 400  
Montgomery, Alabama 36117  
Telephone: 334-834-5100  
Telecopy: 334-269-0902

(b) This Bond Purchase Contract is made solely for the benefit of the University and the Underwriter (including the successors or assigns thereof) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

(c) This Bond Purchase Contract shall be governed and construed in accordance with the laws of the State of Alabama.

(d) The captions in this Bond Purchase Contract are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(e) This Bond Purchase Contract shall become effective upon the execution of the acceptance hereof by the University.

*[Remainder of this page intentionally blank.]*

MERCHANT CAPITAL, L.L.C., the Underwriter

By: Michael P. Dunn

Name: Michael P. Dunn

Title: Managing Director

Accepted and agreed to as of  
the date first above written:

AUBURN UNIVERSITY

By: Donald L. Lange Jr.

Name: Donald L. Lange Jr.

Title: Executive Vice President

## EXHIBIT A

### Pricing Terms for the Series 2014-A Bonds

1. **Maturities, Amounts, Interest Rates and Prices or Yields.** See Exhibit A-1 attached hereto and made a part hereof.

2. **Optional Redemption.** The Series 2014-A Bonds maturing on June 1, 2025 and thereafter will be subject to redemption on June 1, 2024 or any date thereafter at the option of the University at a purchase price equal to 100% of the par amount of the Series 2014-A Bonds being redeemed plus accrued interest through the date of redemption.

3. **Mandatory Redemption of 2035 Term Bonds.** The Series 2014-A Bonds maturing on June 1, 2035 are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on June 1 in years and principal amounts (after credit as described in the Official Statement) as follows:

Year	Amount
2034	\$3,025,000
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\$3,125,000 of the 2035 Term Bonds is scheduled to be retired at maturity.	



# EXHIBIT A-1

## Maturities, Amounts, Interest Rates and Prices or Yields for Series 2014-A Bonds

**MERCHANT CAPITAL**  
LLC

### BOND PRICING

Auburn University  
Advance Refund a Portion of the Series 2006 & 2007  
Refunding the Series 2007 - 2023 - 2027 Maturities  
Refunding all the Callable Series 2006 except the 2017, 2027, 2036 and 2037  
Bonds Subject to Optional Redemption on June 1, 2024 @ Par  
Final Pricing 6.30.2014

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price
Serial Bonds:							
	06/01/2015	555,000	2.000%	0.250%	101.489		
	06/01/2016	125,000	2.000%	0.450%	102.856		
	06/01/2017	130,000	2.000%	0.750%	103.521		
	06/01/2018	1,485,000	3.000%	1.090%	107.186		
	06/01/2019	1,540,000	4.000%	1.430%	112.005		
	06/01/2020	1,595,000	5.000%	1.720%	118.186		
	06/01/2021	1,680,000	5.000%	1.990%	119.190		
	06/01/2022	1,765,000	5.000%	2.240%	119.770		
	06/01/2023	6,860,000	5.000%	2.420%	120.445		
	06/01/2024	7,280,000	5.000%	2.550%	121.223		
	06/01/2025	7,560,000	5.000%	2.670%	120.065	06/01/2024	100.000
	06/01/2026	7,945,000	5.000%	2.770%	119.110	06/01/2024	100.000
	06/01/2027	6,235,000	3.000%	3.150%	98.422		
	06/01/2028	2,290,000	5.000%	2.930%	117.600	06/01/2024	100.000
	06/01/2029	2,405,000	5.000%	3.010%	116.854	06/01/2024	100.000
	06/01/2030	2,530,000	5.000%	3.080%	116.206	06/01/2024	100.000
	06/01/2031	2,655,000	5.000%	3.150%	115.561	06/01/2024	100.000
	06/01/2032	2,785,000	5.000%	3.210%	115.013	06/01/2024	100.000
	06/01/2033	<u>2,925,000</u>	3.375%	3.590%	97.070		
		60,265,000					
Term Bonds due 2035:							
	06/01/2035	6,150,000	3.500%	3.690%	97.249		
		<u>66,415,000</u>					

Dated Date	07/01/2014	
Delivery Date	07/24/2014	
First Coupon	12/01/2014	
Par Amount	66,415,000.00	
Premium	8,931,555.85	
Production	75,346,555.85	113.448100%
Underwriter's Discount	-398,490.00	-0.600000%
Purchase Price	74,948,065.85	112.848100%
Accrued Interest	190,827.73	
Net Proceeds	75,138,893.58	

3. The Indenture creates a valid lien on the Pledged Revenues and other funds held by the Trustee under the Indenture as security for the Series 2014-A Bonds on a parity with all other bonds heretofore issued under the Indenture and with any additional bonds hereafter issued under the Indenture (as permitted therein), subject in the case of the 1978 Dormitory Revenues to a prior pledge by the University to secure the 1978 Dormitory Revenue Bonds issued to finance improvements on the University's campus located in Montgomery, Alabama; and, subject in the case of the Athletic Program Revenues to a prior pledge by the University under its Athletic Revenue Trust Indenture dated as of September 15, 1985, as supplemented.

4. The Series 2014-A Bonds have been duly authorized, executed and delivered by the University and are valid and binding limited obligations of the University, payable solely from the Pledged Revenues and other funds provided therefor in the Indenture.

5. Interest on the Series 2014-A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the University comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2014-A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The University has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2014-A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014-A Bonds.

6. Interest on the Series 2014-A Bonds is exempt from Alabama income taxation.

The rights of the owners of the Series 2014-A Bonds and the enforceability of the Series 2014-A Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We are of the further opinion that the University is, under existing provisions of the Constitution of Alabama as construed by the Supreme Court of Alabama, exempt from all suits, but that the agents and employees of the University may, by mandamus, be compelled to apply the Pledged Revenues to the payment of the Series 2014-A Bonds in accordance with the provisions of the Indenture.

Neither the principal of nor the interest on the Series 2014-A Bonds nor the aforesaid pledge or any other agreements contained in the Indenture constitute an obligation of any nature whatsoever of the State of Alabama and neither the Series 2014-A Bonds nor any obligation arising from said pledge or other agreements are payable out of any moneys appropriated to the University by the State of Alabama. The Indenture does not constitute a mortgage on any property of the University and no foreclosure or sale proceedings with respect to any property of the University shall ever be had under authority of the Indenture.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2014-A Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Series 2014-A Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Balch & Bingham LLP