

Sale of Special Obligation Bond Anticipation Note – UNC Charlotte

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds or notes, they are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

UNC Charlotte requests that the Board issue a special obligation bond anticipation note in an amount not to exceed \$20,000,000 for the purpose of renovating and improving Elm, Maple, and Pine Residence Halls. Wells Fargo will purchase the variable rate note, the proceeds of which will be drawn down over approximately two years. The note will have a maturity of approximately three years and will be pre-payable without penalty after approximately one year. UNC Charlotte will repay the note with the proceeds of a special obligation bond issue.

UNC Charlotte currently has issuer credit ratings of Aa3/A+ with Stable Outlooks from Moody's and S&P, respectively. Robinson, Bradshaw & Hinson is bond counsel and First Southwest is the financial advisor.

RECOMMENDATION

It is recommended that the President of the University, or her designee, be authorized to sell the special obligation bond anticipation note through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA AUTHORIZING THE ISSUANCE OF A SPECIAL
OBLIGATION BOND ANTICIPATION NOTE TO FINANCE SPECIAL
OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH
CAROLINA AT CHARLOTTE**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “*Board*”) of the University of North Carolina (the “*University*”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, The University of North Carolina School of the Arts, North Carolina State University, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte (“*UNC Charlotte*”), The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, Western Carolina University and Winston-Salem State University and other institutions; and

WHEREAS, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bond anticipation notes of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects; and

WHEREAS, the Board has determined to issue not to exceed \$20,000,000 aggregate principal amount of The University of North Carolina at Charlotte General Revenue Bond Anticipation Note, Series 2016 (the “*2016 Note*”) for the purpose of (1) financing the renovation and improvement of Elm, Maple, and Pine Residence Halls (collectively, the “*Special Obligation Bond Project*”) and (2) paying the costs incurred in connection with the issuance of the 2016 Note; and

WHEREAS, the Board has determined to issue the 2016 Note under the General Trust Indenture dated as of July 1, 2006 (the “*General Indenture*”) between the Board and U.S. Bank National Association, as trustee (the “*Trustee*”) and Series Indenture, Number 9 dated as of June 1, 2016 (the “*Ninth Series Indenture*” and together with the General Indenture, the “*Indentures*”) between the Board and the Trustee; and

WHEREAS, the 2016 Note and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Charlotte, or of the Board held for UNC Charlotte, in each Fiscal Year remaining after satisfying obligations of UNC Charlotte or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to UNC Charlotte existing prior to January 10, 2002, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by UNC Charlotte students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, and (4) revenues generated by Special Facilities, as defined in the General Indenture (the “*Available Funds*”);

WHEREAS, it is anticipated that in June 2016, Wells Fargo Bank, National Association or a wholly-owned subsidiary thereof (the “*Purchaser*”) will agree to purchase the 2016 Note pursuant to the terms of Note Purchase and Advance Agreement (the “*Purchase Agreement*”) among the Board, UNC Charlotte and the Purchaser; and

APPENDIX C

WHEREAS, there have been made available to the Board forms of the following documents (the “*Board Documents*”), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Ninth Series Indenture;
2. the Purchase Agreement
3. the 2016 Note as set forth in the Eighth Series Indenture; and

WHEREAS, the 2016 Note will be payable from Available Funds designated by the Board in the General Indenture as obligated resources; and

WHEREAS, the issuance of the 2016 Note does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina as follows:

Section 1. **Authorization of 2016 Note.** That the Board hereby authorizes the issuance of the 2016 Note in an aggregate principal amount not to exceed \$20,000,000 for the purposes recited above..

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are reasonably expected to be available to pay the principal of and interest on the 2016 Note.

Section 3. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University be and they hereby are authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents the Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 4. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2016 Note.

APPENDIX C

Section 5. ***Conflicting Provisions.*** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 6. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

The foregoing Resolution was duly adopted by the Board at a regular meeting of the Board held on May 27, 2016 and that the same was passed and adopted by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

PASSED, ADOPTED, AND APPROVED this May 27, 2016.