Sale of Special Obligation Bonds – East Carolina University

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, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

East Carolina University requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed $81,100,000 (the “2018 Bonds”) in order to (1) refinance on a long-term basis a bond anticipation note previously issued to finance the construction of the Dowdy-Ficklen Stadium Southside renovation project; (2) finance the completion of the Dowdy-Ficklen Stadium Southside renovation project; (3) finance the second phase of various residence hall improvements; and (4) pay related costs of issuance.

The General Assembly authorized $65,000,000 in residence hall renovations under S.L. 2015-275, of which $26,100,000 remains authorized and available. The General Assembly authorized the $55,000,000 Dowdy-Ficklen Stadium Southside renovation project under S.L. 2017-620, which the Board of Governors and the Director of the Budget subsequently increased to $60,000,000. ECU will not, however, issue more than $55,000,000 in bonds to finance the Dowdy-Ficklen Stadium Southside renovation project.

Issuing long-term debt for the Dowdy-Ficklen Stadium Southside renovation project in connection with the financing of the residence hall renovations will allow ECU to take advantage of favorable market conditions, eliminate interest rate risk, and reduce costs of issuance.

The 2018 Bonds will be sold in the public market through a competitive sale process.

ECU has an issuer credit rating of “Aa2” with a Stable Outlook by Moody’s Investor Service and an issuer credit rating of “AA-” with a Stable Outlook by Standard & Poor’s. This transaction is expected to have no impact on ECU’s credit ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor.

It is recommended that the president of the University of North Carolina System, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

APPENDIX D

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE AND REFINANCE SPECIAL OBLIGATION BOND PROJECTS FOR EAST CAROLINA UNIVERSITY

[TO BE PROVIDED]