

Remarketing of Special Obligation Bonds – The University of North Carolina at Chapel Hill

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds 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.

The Board previously issued The University of North Carolina at Chapel Hill General Revenue Bonds, Series 2012B (the “2012B Bonds”) to finance and refinance the construction, renovation, improvement, equipping and furnishing of certain facilities on the campus of The University of North Carolina at Chapel Hill (“UNC-CH”). By their terms, the 2012B Bonds are subject to mandatory tender on or before December 1, 2017.

UNC-CH requests that the Board approve the remarketing of the 2012B Bonds prior to such date and the delivery of a new remarketing supplement in connection with the remarketing of the 2012B Bonds. Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner & Smith Incorporated will be appointed as the remarketing agents for the 2012B Bonds.

UNC Chapel Hill currently has an issuer credit rating of “Aaa” with a Stable Outlook by Moody’s Investor Service, an issuer credit rating of “AAA” with a Stable Outlook by S&P Global Ratings and an issuer credit rating of “AAA” with a Stable Outlook by Fitch Ratings. The remarketing of the 2012B Bonds is not expected to have any impact on UNC-CH’s credit ratings.

Parker Poe is bond counsel, and Prager & Co. is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to remarket the special obligation bonds and deliver the related documentation through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA REGARDING
SPECIAL OBLIGATION BOND MATTERS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

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 (“*UNC Chapel Hill*”), The University of North Carolina at 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, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the Board has previously issued The University of North Carolina at Chapel Hill General Revenue Bonds, Series 2012B (the “*2012B Bonds*”), the proceeds of which were used to finance and refinance the construction, renovation, improvement, equipping and furnishing of certain facilities on the UNC Chapel Hill campus;

WHEREAS, the Board has determined to remarket the 2012B Bonds that are subject to mandatory tender by their terms on December 1, 2017 in accordance with Series Indenture, Number 9 dated as of July 1, 2012 (the “*Ninth Series Indenture*”) between the Board and the Trustee;

WHEREAS, in connection with the remarketing of the 2012B Bonds, the Board has determined to cause to be prepared and delivered a Remarketing Supplement (the “*2012B Bonds Remarketing Supplement*”), a form of which has been made available to the Board;

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

Section 1. **Remarketing of 2012B Bonds.** The Board authorizes the remarketing of the 2012B Bonds in accordance with the terms of the Ninth Series Indenture. The Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver such amendments to the Ninth Series Indenture for and on behalf of the Board as shall to them seem necessary, desirable or appropriate in remarketing the 2012B Bonds. Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “*Remarketing Agents*”) are hereby appointed as the Remarketing Agents for the remarketing of the 2012B Bonds. The Vice Chancellor for Finance and Administration of UNC Chapel Hill, in consultation with the Senior Vice President for Finance and Budget of the University, is authorized and directed to establish the terms for the remarketing of the 2012B Bonds in accordance with the Ninth Series Indenture. The form, terms and content of the

2012B Remarketing Supplement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the 2012B Remarketing Supplement by the Remarketing Agents in connection with the remarketing of the 2012B Bonds is hereby in all respects authorized, approved, ratified and confirmed. The Chairman of the Board, the President, the Senior Vice President for Finance and Budget of the University and Vice Chancellor for Finance and Administration of UNC Chapel Hill, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the 2012B Remarketing Supplement for and on behalf of the Board in substantially the form and content of the 2012B Remarketing Supplement presented to the Board, but with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate.

Section 2. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers and the Vice Chancellor for Finance and Administration of UNC Chapel Hill are each 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 Bonds, the 2012B Bonds.

Section 3. **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 4. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 3rd day of November, 2017.