

Sale of Special Obligation Bonds – East Carolina University

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.

East Carolina University requests that the Board issue special obligation bonds for the purpose of (1) financing the cost of a) constructing and equipping a new student union building and parking structure, approved by the Board of Governors and authorized by the 2014 General Assembly, and b) renovating three residence halls approved by the Board of Governors and authorized by the 2015 General Assembly, and (2) paying the costs incurred in connection with the issuance of the 2015 Bonds. The 2015 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the President of the University, or his designee, in consultation with the appropriate officers at ECU, determine to be in the best interest of the University.

The issuance of debt will not exceed \$151,100,000. \$112,200,000 will support the construction of the student union building and parking structure and \$38,900,000 will be used to finance the renovations of the three residence halls.

The debt on the student services building will be financed by a debt service fee previously approved by the Board of Governors. The renovation of the residence halls is the first phase of a two-phase project and will be financed with housing receipts.

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East Carolina University currently has an issuer credit rating of Aa2 by Moody's Investor Service with a Stable Outlook and AA- with a stable outlook by Standard and Poor's. It is expected that ECU will maintain its current credit rating after issuance of these bonds. Parker Poe is bond counsel and First Tryon is the financial advisor.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY
OF NORTH CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL
OBLIGATION BONDS TO FINANCE A SPECIAL OBLIGATION BOND
PROJECT FOR EAST CAROLINA UNIVERSITY**

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 (“*East Carolina*”), Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, 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, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of the Arts, 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 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 determined to issue East Carolina University General Revenue Bonds (with appropriate descriptions and series designations) in two series (the “*Bonds*”) in an aggregate principal amount not to exceed \$151,100,000 to (a) finance the costs of the construction and equipping of a new student union and parking structure, as authorized by Chapter 60 of the 2014 Session Laws of the North Carolina and the renovation of three residence halls, as authorized by Chapter __ of the 2015 Session Laws of the North Carolina General Assembly, both on the University campus (the “*Special Obligation Bond Projects*”), and (b) pay the costs incurred in connection with the issuance of the Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of June 1, 2003 (the “*General Indenture*”) between the Board and Wachovia Bank, National Association, the successor to which is U.S. Bank National Association, as trustee (the “*Trustee*”), and Series Indenture, Number 13 dated as of January 1, 2016 (the “*Thirteenth Series Indenture*”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of East Carolina or the Board in each Fiscal Year remaining after satisfying obligations of East Carolina or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the General Indenture of the Board with respect to East Carolina, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by East

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Carolina students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “*Available Funds*”);

WHEREAS, East Carolina proposes to sell the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to East Carolina; and

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

1. the Thirteenth Series Indenture;
 2. the Preliminary Official Statement (the “*Preliminary Official Statement*”) dated on or about January 4, 2016 relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the Bonds;
 3. the form of the Notice of Sale for each series of the Bonds (the “*Notices of Sale*”); and
 4. the Bonds in the form set forth in the Thirteenth Series Indenture;
- and

WHEREAS, the issuance of the Bonds 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 Bonds.*** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$151,100,000 under the General Indenture and the Thirteenth Series Indenture.

Section 2. ***Sufficiency of Available Funds.*** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds.

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, the Senior Vice-President and Chief Operating Officer and Chief Financial Officer and Vice President for Finance of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University be and they hereby are each 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 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, the Senior Vice-President and Chief Operating Officer and the Chief Financial Officer and Vice President for Finance of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University 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 the Board Documents as executed.

Section 5. ***Authorization of Preliminary Official Statement and Official Statement.*** That the form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President, the Senior Vice-President and Chief Operating Officer and the Chief Financial Officer and Vice President for Finance of the University be and they hereby are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, and the use of the Official Statement in connection with the sale of the Bonds is hereby authorized, approved and confirmed.

Section 6. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the Chairman of the Board, the President, the Senior Vice-President and Chief Operating Officer and the Chief Financial Officer and Vice President for Finance of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University 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.

Section 7. ***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.

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Section 8. *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 the 30th day of October, 2015 and that the same was passed and adopted by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

PASSED, ADOPTED, AND APPROVED this 30th day of October, 2015.