

Sale of Special Obligation Bonds – North Carolina A&T State 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.

NCA&T requests that the Board issue special obligation bonds for the purpose of (1) refinancing Bond Anticipation Notes, the proceeds of which financed a portion of the costs of construction, equipping, and furnishing of a new student center approved by the Board of Governors and the 2013 General Assembly, (2) financing the balance of the costs of the project, (3) refinancing a portion of outstanding indebtedness for interest rate savings, and (4) 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 NCA&T, determine to be in the best interest of the University.

The issuance of debt will not exceed \$99,000,000. \$91.5M will support the construction of the student center (\$10M of the \$91.5M is related to refinancing the Bond Anticipation Notes) and \$7.5M will be used to refinance outstanding indebtedness for interest rate savings. The debt on the student center will be financed by a debt service fee previously approved by the Board of Governors. Additionally, NC A&T has identified approximately \$2M of debt service fee revenue that is not needed to service the debt on another self-liquidating project (Student Health Center) that they request authority to apply to this project and reduce the amount

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borrowed for the student center. This will result in a reduction in the amount of debt service required for the student center and also will result in a lower debt service fee charged to students for the student center project.

North Carolina A&T State University is currently rated A1 and A+ by Moody's Investor Service and Fitch Investors Service respectively. It is expected that NCA&T 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 FUND THE SPECIAL OBLIGATION BOND
PROJECT FOR NORTH CAROLINA AGRICULTURAL & TECHNICAL
STATE 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, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University (“*NCA&T*”), 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 North Carolina Agricultural & Technical State University General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “*Bonds*”) in an aggregate principal amount not to exceed \$99,000,000 to (a) refinance NCA&T’s General Revenue Bond Anticipation Note, Series 2015A and its Taxable General Revenue Bond Anticipation Note, Series 2015B, the proceeds of which financed a portion of the costs of the construction, equipping and furnishing of a new student center on the campus of NCA&T (the “*Special Obligation Bond Project*”), (b) finance the balance of the costs the construction, equipping and furnishing of the Special Obligation Bond Project, (c) refund a portion of the outstanding The University of North Carolina System Pool Revenue Bonds, Series 2006B, the proceeds of which were loaned to NCA&T, maturing on and after October 1, 2017 (the “*Refunded 2006B Bonds*”), and (d) 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 December 1, 2012 (the “*General Indenture*”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and Series Indenture, Number 3 dated as of November 1, 2015 (the “*Third 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 funds of NCA&T or the Board in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by NCA&T 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, Wells Fargo Bank, National Association, Blaylock Beal Van, LLC, PNC Capital Markets LLC and SunTrust Robinson Humphrey, Inc. (the “*Underwriters*”) will agree to purchase all of

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the Bonds pursuant to the terms of a bond purchase agreement (the “*Purchase Agreement*”) between the Board and the Underwriters; 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 General Indenture;
2. the Third Series Indenture;
3. the Purchase Agreement;
4. the Preliminary Official Statement (the “*Preliminary Official Statement*”) 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;
5. the Bonds in the form set forth in the Third Series Indenture; and
6. the Escrow Agreement dated as of November 1, 2015 (the “*Escrow Agreement*”) between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent, with respect to the defeasance of the Board’s Pool System Revenue Bonds, Series 2006B, allocable to WSSU and maturing on and after October 1, 2017; 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 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 \$99,000,000 under the General Indenture and the Third Series Indenture. The 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 NCA&T, determine to be in the best interest of the University and NCA&T.

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 of the University, the Secretary and 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 shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence

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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 President, the Senior Vice President and Chief Operating Officer of the University, the Secretary and 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 4. ***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 by the Underwriters in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President and the Senior Vice President and Chief Operating Officer of the University be and they hereby are each authorized, empowered and directed to execute and 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 shall to him seem necessary, desirable or appropriate, his execution of the Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and the use of the Official Statement by the Underwriters in connection with the sale of the Bonds with investors is hereby authorized, approved and confirmed.

Section 5. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the President, the Senior Vice President and Chief Operating Officer of the University, the Secretary and 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 6. ***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 7. ***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.