

Sale of Special Obligation Bonds and Replacement of Liquidity Facility – North Carolina State University

Special Obligation Bonds

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.

North Carolina State University requests that the Board issue special obligation bonds in an amount not to exceed \$64,455,000 for the purpose of (1) refunding the outstanding 2008A bonds, and (2) financing the costs incurred in connection with the issuance of the 2015 Bonds. The 2015 Bonds are to be privately placed with BB&T Community Holdings.

NCSU currently has an issuer credit rating of Aa1 with a stable outlook by Moody's Investor Service and AA+ with a stable outlook by Standard and Poor's. It is expected that NCSU will maintain its current credit rating after issuance of these bonds. Parker Poe is bond counsel and First Tryon is the financial advisor.

Liquidity Facility

The Board of Governors is authorized to approve liquidity facilities, Standby Bond Purchase Agreements (SBPAs), to serve as a backstop to Variable Rate Demand Bonds (VRDB) in the event the bonds cannot be remarketed. NC State's 2003B Bonds are Variable Rate Demand Bonds and have an existing Standby Bond Purchase Agreement associated with them that expires in November 2015. NCSU requests authority to enter into a new SBPA with Wells Fargo that has materially the same terms as the one that matures in November.

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It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution and enter into a new Standby Bond Purchase Agreement to replace the current agreement that is maturing in November.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING A REFUNDING AND THE SUBSTITUTION OF A LIQUIDITY FACILITY AND RELATED MATTERS IN CONNECTION WITH THE VARIABLE RATE OBLIGATIONS ISSUED ON BEHALF OF NORTH CAROLINA STATE UNIVERSITY AT RALEIGH

WHEREAS, the Board of Governors (the “*Board*”) is authorized by Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project within the meaning of the Act; and

WHEREAS, the Board has previously issued North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B (the “*2003B Bonds*”) and North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2008A (the “*2008A Bonds*”) to finance capital projects at North Carolina State University at Raleigh (“*NC State*”); and

WHEREAS, NC State has undertaken a process to evaluate the structure of the 2003B Bonds and the 2008A Bonds and has determined (1) to replace the existing liquidity facility for the 2003B Bonds with an alternate liquidity facility to be provided by Wells Fargo Bank, National Association (“*Wells Fargo*”) and (2) to refund the 2008A Bonds through a private placement with BB&T Community Holdings Co. (“*BB&T*”); and

WHEREAS, in connection with replacing the liquidity facility for the 2003B Bonds, there has been made available to the Board (1) a Standby Bond Purchase Agreement to be dated on or about November 18, 2015 (the “*New Liquidity Facility*”) between the Board and Wells Fargo and (2) a Remarketing Circular to be dated on or about November 11, 2015 (the “*Remarketing Circular*”) with respect to the remarketing of the 2003B Bonds after the execution and delivery of the New Liquidity Facility; and

WHEREAS, in connection with the refunding of the 2008A Bonds, the Board has determined to issue North Carolina State University at Raleigh Variable Rate General Revenue Refunding Bonds, Series 2015 (the “*2015 Bonds*”), the proceeds of which will be used to refund the 2008A Bonds and to pay the costs of issuing the 2015 Bonds; and

WHEREAS, the Board will issue the 2015 Bonds under a General Trust Indenture dated as of October 1, 2001 (the “*General Indenture*”) between the Board and The Bank of New York, the successor to which is U.S. Bank National Association, as trustee (the “*Trustee*”), and Series Indenture, Number 12 dated as of November 1, 2015 (the “*Twelfth Series Indenture*”) between the Board and the Trustee; and

WHEREAS, the 2015 Bonds and other obligations issued under the General Indenture are payable solely from any funds of NC State or the Board in each Fiscal Year remaining after satisfying obligations of NC State or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to NC State as of the date of the General Indenture, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by NC State 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*”); and

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WHEREAS, there have been made available to the Board forms of the following documents (the “2015 Bond Documents”), which the Board proposes to approve, ratify, execute and deliver, as applicable, to effectuate the financing:

1. the Twelfth Series Indenture;
2. a Purchase Contract to be dated on or about November 18, 2015 (the “*Purchase Contract*”) among the Board, the University and BB&T relating to the BB&T’s purchase of the 2015 Bonds; and
3. the 2015 Bonds in the form set forth in the Twelfth Series Indenture; and

WHEREAS, the issuance of the 2015 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 financed and refinanced with the proceeds of the 2008A Bonds 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. Authorizations related to the 2003B Bonds. The form and content of the New Liquidity Facility 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, Chief Financial Officer and Vice President for Finance of the University, the Secretary of the Board and the Secretary of the University (the “*Authorized Officers*”), individually and collectively be and they hereby are each authorized, empowered and directed to execute and deliver the New Liquidity Facility for and on behalf of the Board, including necessary counterparts, in substantially the form and content approved by 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.

The form and content of the Remarketing Circular are in all respects authorized, approved and confirmed, and the use of Remarketing Circular by the remarketing agent for the 2003B Bonds is hereby in all respects authorized, approved and confirmed.

The Authorized Officers, individually and collectively, and the Interim Vice Chancellor for Finance and Administration of NC State, and her designees, are each hereby authorized, empowered and directed (a) 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 New Liquidity Facility as executed and (b) to do all such acts and things to carry out and comply with the provisions of this resolution. The Authorized Officers, individually and collectively, are each hereby authorized, empowered and directed, in their discretion and on consultation with officers of NC State, to execute future extensions and modifications of the New Liquidity Facility that they deem to be in the best interest of NC State.

Section 2. Authorizations related to the 2015 Bonds. The Board hereby authorizes the issuance of the 2015 Bonds in an aggregate principal amount not to exceed \$64,455,000 under the General Indenture and the Twelfth Series Indenture and the sale of the 2015 Bonds to BB&T in accordance with the terms of the Twelfth Series Indenture and the Purchase Contract.

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The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2015 Bonds.

The form and content of the 2015 Bond Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Authorized Officers, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the 2015 Bond 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 2015 Bond Documents, the Authorized Officers 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 2015 Bond Documents as executed.

Section 3. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers, individually or collectively, 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 2003B Bonds and the 2015 Bonds.

Section 4. ***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 5. ***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.