

APPENDIX B

Sale of Special Obligation Bonds – North Carolina Agricultural and Technical State University

ISSUE OVERVIEW

The University of North Carolina Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the North Carolina 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 Agricultural and Technical State University (“N.C. A&T”) requests that the Board issue special obligation bonds (the “2023 Bonds”) in an amount not to exceed \$58 million, plus an additional amount not to exceed five percent of such principal amount, to finance the construction of the Bluford Street Residence Hall (the “Project”) on North Carolina A&T’s campus and pay costs incurred in connection with the issuance of the 2023 Bonds. The total project cost is estimated to be \$64 million, with N.C. A&T contributing up to \$6 million from its housing reserves, university reserves, or additional proceeds from pricing of the 2023 Bonds. The General Assembly authorized the Project under S.L. 2022-15. The expected cost of funds of the 2023 Bonds is approximately 4.5 percent.

The 2023 Bonds will be issued on a tax-exempt basis and sold in the public market on a negotiated basis by RBC Capital Markets, LLC and Loop Capital Markets LLC which were selected through a competitive RFP process.

N.C. A&T currently has issuer credit ratings of “A1” and “AA-“ from Moody’s Investors Service and Fitch Ratings, respectively, both with positive outlooks. N.C. A&T is currently not rated by Standard & Poor’s Global. This transaction is expected to have no impact on N.C. A&T’s credit ratings.

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

RECOMMENDATION

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 SYSTEM AUTHORIZING THE ISSUANCE OF
SPECIAL OBLIGATION BONDS TO FINANCE SPECIAL OBLIGATION BOND PROJECTS
FOR NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY**

WHEREAS, pursuant to Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “*Board*”) of the University of North Carolina System (the “*UNC System*”) is vested with general control and supervision of the constituent institutions of the UNC System; 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, North Carolina Agricultural and Technical State University (“*N.C. A&T*”) has requested that the Board issue special obligation bonds, the proceeds of which are to be used by N.C. A&T to finance the construction of the Bluford Street Residence Hall project on N.C. A&T’s campus as authorized by S.L. 2022-15 of the 2021 Session of the North Carolina General Assembly (the “*Special Obligation Project*”);

WHEREAS, the Board has determined to issue North Carolina Agricultural and Technical State University General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “*Bonds*”) to (1) finance the Special Obligation Project and (2) pay the costs of issuing 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*”) and a series indenture (the “*Series Indenture*”), each between the Board and The Bank of New York Mellon Trust Company, N.A.; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of N.C. A&T or the Board held for N.C. A&T in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by N.C. A&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, RBC Capital Markets, LLC and Loop Capital Markets LLC (collectively, the “*Underwriters*”) will agree to purchase all of 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 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; and
5. the Bonds in the form set forth in the Series Indenture; and

WHEREAS, the issuance of the Bonds does not directly, 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 Bonds in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Bonds.** The Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$58,000,000, plus up to an additional five percent (5%) of such amount to pay issuance expenses and other related additional costs, under the General Indenture and the Series Indenture to pay the costs of financing the Special Obligation Project and costs incurred in connection with the issuance of the Bonds. The Bonds may be issued in one or more series of bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System (the "*SVP-Finance*") or her designee, in consultation with the appropriate officers at N.C. A&T, determine to be in N.C. A&T's best interest. While the Bonds are being authorized in an aggregate principal amount set forth above as provided in S.L. 2022-15, the Board has previously approved at its meeting held on May 25, 2023 an increase in the authority to proceed with the Special Obligation Project using non-general funds from \$58,000,000 to \$64,000,000.

Section 2. **Sufficiency of Available Funds.** The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at N.C. A&T to the extent required under the General Indenture.

Section 3. **Selection of Underwriters and other Financing Team Members.** The Board authorizes the SVP-Finance and the Vice Chancellor for Business and Finance of N.C. A&T to select additional co-managing underwriters for the Bonds, if necessary or desirable, and any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** The form and content of the Board Documents are in all respects authorized, approved and confirmed, and the Chair of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, and their respective designees, individually and collectively (the "*Authorized Officers*"), are each authorized, empowered and directed to execute and deliver, as applicable, 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. From and after the execution and delivery of the Board

Documents, as applicable, 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 Board Documents as executed.

Section 5. **Authorization of Purchase Agreement.** The Chair of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, are each authorized, empowered, and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution. From and after the execution and delivery of the Purchase Agreement, the Authorized Officers are each hereby 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 Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** The form, terms, and content of the Preliminary Official Statement 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 of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in 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, their 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. The use of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the sale of the Bonds to investors is hereby authorized, approved, and confirmed.

Section 7. **General Authority.** From and after the execution and delivery of the Board Documents, as applicable, 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 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. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business and Finance at N.C. A&T, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of N.C. A&T.

Section 8. **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 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 19th day of July, 2023.

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

SS:

I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System (the "*Board of Governors*") at its meeting on July 19, 2023 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on July 19, 2023 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on July 19, 2023 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2023.

[SEAL]

Associate Vice President and Secretary of the University
of North Carolina System