

Sale of Special Obligation Bonds — East Carolina 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.

East Carolina University requests that the Board of Governors issue special obligation bonds (the “2025 Bonds”) in a principal amount not to exceed \$34 million, plus an additional amount not to exceed five percent of such principal amount for the purpose of (a) paying the cost of the renovation of Legacy Residence Hall, (b) paying a portion of the design and preconstruction services cost for the renovation of Jones Residence Hall (the “Project”), and (c) paying the costs of issuing the 2025 Bonds. The General Assembly authorized the issuance of debt under S.L. 2024-24. The bonds for the second phase, Jones Hall, will be issued in a separate bond issuance.

The expected cost of funds of the 2025 Bonds is approximately 4.62 percent. The 2025 Bonds will be sold on a competitive basis in the public market.

The project includes the comprehensive renovation of two student residence halls, Jones Hall and Legacy Hall, which were built in 1960. The Project includes the phased comprehensive renovation of both buildings to minimize the number of student beds that will be offline during construction. The renovation of Legacy Hall, which will be completed in the first phase, includes modifications for Americans with Disabilities Act (ADA) compliance; updates to the plumbing, mechanical, and electrical systems; roof and window replacements; comprehensive bathroom renovations; and a new elevator tower. The renovations on Legacy Hall will begin in May 2025 with an estimated completion by July 2026. The Jones Hall renovation includes a similar project scope and is scheduled to begin when the work on Legacy Hall is completed.

Currently, ECU is rated “Aa3” with a stable outlook by Moody’s Investors Service and “AA-” with a stable outlook by S&P Global Ratings. The transaction is expected to have no impact on ECU’s credit ratings.

Parker Poe Adams & Bernstein, LLP, is bond counsel, and First Tryon Advisors, LLC, 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 UNIVERSITY OF NORTH CAROLINA THE BOARD OF GOVERNORS
AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE SPECIAL
OBLIGATION BOND PROJECTS FOR EAST CAROLINA UNIVERSITY**

WHEREAS, pursuant to Chapter 116 of the General Statutes of North Carolina, the University of North Carolina Board of Governors (the “Board”) is vested with general control and supervision of the constituent institutions of the University of North Carolina System (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, the North Carolina General Assembly has authorized the issuance of special obligation bonds under the Act for East Carolina University (“ECU”) to finance the comprehensive renovation of Jones Hall and Legacy Hall on the campus of ECU as authorized by S.L. 2024-24 of the 2023 Session Laws of the General Assembly (the “Special Obligation Bond Projects”); and

WHEREAS, ECU has requested that the Board issue special obligation bonds, the proceeds of which are to be used by ECU to finance, or reimburse ECU for, the costs of the comprehensive renovation of Legacy Hall, and a portion of the costs of the comprehensive renovation of Jones Hall;

WHEREAS, the Board has determined to issue East Carolina University General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) to (1) finance the Special Obligation Bond Projects 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 June 1, 2003 (the “General Indenture”) between the Board and Wachovia Bank, National Association, the successor to which is U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and a Series Indenture (the “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 ECU, or of the Board held for ECU, 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 ECU 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

WHEREAS, the Board 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 ECU; 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 Series Indenture;
2. 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;
3. the Notice of Sale for the Bonds (the “Notice of Sale”); and
4. 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;

WHEREAS, the Board desires to proceed with the Special Obligation Bond Projects and ECU will incur and pay certain expenditures in connection with the Special Obligation Bond Projects prior to the date of issuance of the Bonds (the “Original Expenditures”), such Original Expenditures to be paid for originally from a source other than the proceeds of the Bonds, and the Board intends, and reasonably expects, to cause ECU to be reimbursed for such Original Expenditures from a portion of the proceeds of the Bonds to be issued at a date occurring after the dates of such Original Expenditures;

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 \$34,000,000, 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 Bond Projects 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 ECU, determines to be in ECU’s best interest.

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 ECU to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** The Board authorizes the SVP-Finance and the Vice Chancellor for Administration and Finance of ECU, and their respective designees, to select the 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 of the Board, and the Associate Vice President and 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 Competitive Sale of Bonds.** That the Chair of the Board, the President of the UNC System and the SVP-Finance and the Vice Chancellor for Administration and Finance of ECU, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered, and directed 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 ECU and the Authorized Officers and the Vice Chancellor for Administration and Finance of ECU, or their respective designees, 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 such sale of the Bonds.

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 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, the sale of the Bonds in accordance with the Notice of Sale to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions, or deletions therein.

Section 7. **Official Declaration of Intent to Reimburse.** The Board presently intends, and reasonably expects, to cause ECU to be reimbursed for the Original Expenditures incurred and paid by ECU on or after the date occurring 60 days prior to the date of adoption of this Resolution from a portion of the proceeds of the Bonds. The Board reasonably expects to issue the Bonds to finance costs of the Special Obligation Bond Projects and the maximum principal amount of Bonds expected to be issued by the Board to pay costs of the Special Obligation Bond Projects is \$34,000,000. This Resolution is a declaration of official intent of the Board under Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Internal Revenue Code of 1986, as amended, to evidence the Board's intent to cause ECU to be reimbursed for the Original Expenditures from proceeds of the Bonds.

Section 8. **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 Administration and Finance of ECU, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and ongoing administration of the Bonds on behalf of ECU.

Section 9. **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 10 **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 10th day of April, 2025.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF WAKE

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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 April 10, 2025 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on April 10, 2025 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on April 10, 2025 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2025.

[SEAL]

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