

Sale of Special Obligation Bonds — Western 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.

Western Carolina University requests that the Board of Governors issue special obligation bonds (the “2025 Bonds”) in a principal amount not to exceed \$30 million, plus an additional amount not to exceed five percent of such principal amount. The 2025 Bonds will finance (a) a portion of the cost of the athletics facilities improvements project (the “Project”) and (b) certain costs incurred in connection with the issuance of the 2025 Bonds. The General Assembly authorized the debt issuance under S.L. 2023-66. The expected cost of funds of the 2025 Bonds is approximately 4.66 percent. The 2025 Bonds will be sold on a competitive basis in the public market.

The athletics facilities improvements project includes the renovation of the E.J. Whitmire Stadium, built in 1974. The Project scope includes a new Americans with Disabilities Act (ADA)-compliant press box, and an amenity tower, including a new chancellor’s box, on the west side of the stadium. The new press box and chancellor’s box will replace the current facilities located on the east side of the stadium. The Project also includes the relocation of the football coaches’ offices and team meeting rooms, currently located in the Ramsey Center, to the west side tower. The renovations will begin in Spring 2025 with an estimated completion date of Fall 2026.

Currently, WCU is rated “Aa3” with a stable outlook by Moody’s Investors Service. The transaction is expected to have no impact on WCU’s credit rating.

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 WESTERN 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");

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;

WHEREAS, the North Carolina General Assembly has authorized the issuance of special obligation bonds under the Act for Western Carolina University ("WCU") to finance the improvement of athletic facilities authorized by Session Law 2023-66 of the 2023 Session Laws of the General Assembly (the "Special Obligation Bond Projects");

WHEREAS, WCU has requested that the Board issue special obligation bonds, the proceeds of which are to be used by WCU to finance, or reimburse WCU for, the costs of the Special Obligation Bond Projects;

WHEREAS, the Board has determined to issue Western 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;

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of November 1, 2015 (the "General Indenture") between the Board and The Bank of New York Mellon Trust Company, N.A., 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 funds of WCU or of the Board held for WCU 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 WCU 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, 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 WCU;

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;

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 WCU 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 WCU 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 \$30,000,000, 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 WCU, determines to be in WCU’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 WCU 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 WCU, 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, the SVP-Finance, and the Vice Chancellor for Administration and Finance of WCU, 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 WCU and the Authorized Officers and the Vice Chancellor for Administration and Finance of WCU, 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 WCU to be reimbursed for the Original Expenditures incurred and paid by WCU 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 \$30,000,000. 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 WCU 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 WCU, 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 WCU.

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)
)
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 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