

Sale of Special Obligation Bonds — Elizabeth City 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 an institution when retiring these bonds, special obligation bonds are generally payable from all university revenues excluding tuition, state appropriations, and restricted reserves.

Elizabeth City State University requests that the Board of Governors issue special obligation bonds (the “2025 Bonds”) in a principal amount not to exceed \$5 million, plus an additional amount not to exceed five percent of such principal amount for the purpose of (a) paying the remaining cost of the construction of a new student residence hall (the “Project”), and (b) paying the costs of issuing the 2025 Bonds.

The General Assembly authorized the issuance of debt under S.L. 2022-15. The General Assembly authorized the project and appropriated \$40 million of State Capital and Infrastructure Fund (SCIF) from FY21 to FY24. Proceeds from the 2025 Bonds will finance the remaining project costs. The expected cost of funds for the 2025 Bonds is approximately 4.24 percent.

The new residence hall will provide approximately 352 new student beds in semi-suite configurations on campus. The facility includes community common areas, a shared kitchen, lounge spaces, and student study areas on each floor. Construction began in October 2023, and the estimated completion date is July 2025.

The 2025 Bonds will be directly placed with PNC Bank, National Association, which was selected through a competitive request for proposal (RFP) process.

Currently, ECSU is rated “Baa1” with a stable outlook by Moody’s Investors Services. ECSU is not rated by S&P Global Ratings or Fitch Ratings. The 2025 Bonds will not be rated, and the transaction is expected to have no impact on ECSU’s credit rating.

Parker Poe Adams & Bernstein, LLP, is the 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 BOARD OF GOVERNORS
AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE SPECIAL
OBLIGATION BOND PROJECTS FOR ELIZABETH CITY STATE 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, Elizabeth City State University (“ECSU”) has requested that the Board issue special obligation bonds, the proceeds of which are to be used by ECSU, together with other funds available to ECSU, to finance the construction of a new residence hall as authorized by S.L. 2022-15 of the 2021 Session Laws of the North Carolina General Assembly (collectively, the “Special Obligation Bond Project”);

WHEREAS, the Board has determined to issue Elizabeth City State University General Revenue Bonds (with appropriate descriptions and series designations) (the “Bonds”) to (1) finance the Special Obligation Bond Project 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 December 1, 2010 (the “General Indenture”) between the Board and U.S. 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;

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of ECSU or of the Board held for ECSU in each Fiscal Year, but excluding (1) appropriations by the North Carolina General Assembly from the State General Fund, (2) tuition payments by ECSU 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 Bonds will be purchased by PNC Bank, National Association (the “Purchaser”) selected via a request for proposals process by ECSU and its financial advisor pursuant to a term sheet submitted by the Purchaser and under the terms of the Series Indenture;

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

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 Project and ECSU will incur and pay certain expenditures in connection with the Special Obligation Bond Project 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 ECSU 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 \$5,000,000, plus up to an additional five percent 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 Project and costs incurred in connection with the issuance of the Bonds.

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 ECSU to the extent required under the General Indenture.

Section 3. **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 Senior Vice President for Finance and Administration and Chief Financial Officer of the UNC System, 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 4. **Official Declaration of Intent to Reimburse.** The Board presently intends, and reasonably expects, to cause ECSU to be reimbursed for the Original Expenditures incurred and paid by ECSU 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 \$5,000,000. 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 ECSU to be reimbursed for the Original Expenditures from proceeds of the Bonds.

Section 5. **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 of ECSU, 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 ECSU.

Section 6. **Conflicting Provisions.** This resolution supersedes the Prior Resolution. All other 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.

PASSED, ADOPTED, AND APPROVED this 15th day of May, 2025.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF WAKE

)

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 May 15, 2025 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on May 15, 2025 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on May 15, 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