

APPENDIX D

Authorized Use of Special Obligation Bonds “Commercial Paper” — University of North Carolina at Chapel Hill

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 campus revenues excluding tuition, State appropriations, and restricted reserves.

The Board previously issued the University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A (the “Commercial Paper”) to establish a commercial paper program to provide interim financing for certain projects for the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) that have been previously approved by the Board and the General Assembly. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings.

UNC-Chapel Hill requests authorization to finance, under its commercial paper program, all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the General Assembly under S.L. 2025-46. The aggregate principal amount shall not to exceed \$104,581,920 and includes the following:

- Electrical Distribution System/Substations & Switchgear Upgrade (\$14,581,920)
- Fetzer Hall Addition/Campus Recreation (\$90,000,000) — The project includes a new addition and renovation of the existing space. The project is currently under design.

The Electrical Distribution System/Substations and Switchgear Upgrade project will consolidate the emergency substation bus connection among three substations and upgrade a switchgear to create resiliency and reduce unanticipated electrical failures. The Fetzer Hall Addition/Campus Recreation project, currently under design, includes a new addition and renovation of the existing space.

The projects will be authorized under both the existing commercial paper program, until its discontinuation, and then the new commercial paper program. This request is in addition to previous actions approved by the Board for financing under the commercial paper program.

UNC-Chapel Hill currently has an issuer credit rating of “Aaa” with a stable outlook by Moody’s Investors Service, “AAA” with a stable outlook by S&P Global Ratings, and “AAA” with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill’s credit ratings.

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

RECOMMENDATION

This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

**RESOLUTION OF THE UNIVERSITY OF NORTH CAROLINA
BOARD OF GOVERNORS AUTHORIZING
SPECIAL OBLIGATION BOND PROJECTS FOR
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

WHEREAS, by 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 UNC System; and

WHEREAS, the Board is authorized by Chapter 116D of the general statutes of North Carolina 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 bond project and refunding bonds for the purpose of refunding any bonds by the Board under the article or under any article of Chapter 116 of the general statutes, 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 Board has previously issued bonds in the form of a commercial paper program to finance and refinance projects for the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”); and

WHEREAS, the Board has determined to authorize the continuation of the issuance of bonds under a new commercial paper program through the issuance of University of North Carolina at Chapel Hill Commercial Paper Bonds (the “Commercial Paper”) in order to continue to finance and refinance the costs of certain projects for UNC-Chapel Hill;

WHEREAS, the Board has previously authorized projects that were approved by the North Carolina General Assembly as “self-liquidating projects” to be financed under the existing commercial paper program and the Board hereby reauthorizes all of those projects to be eligible to be financed from the proceeds of the new Commercial Paper program;

WHEREAS, the Board also determines to add to the list of projects eligible to be financed with the proceeds of the commercial paper and any other special obligation bonds (collectively, the “Bonds”) issued by the Board on behalf of UNC-Chapel Hill, the projects approved by the North Carolina General Assembly in S.L. 2025-46, under Part V thereof titled UNC Self-Liquidating Capital Projects, and listed in Exhibit A to this resolution (collectively, the “Special Obligation Bond Projects”); and

WHEREAS, the Bonds will be secured under the General Trust Indenture dated as of January 15, 2001 (the “UNC-Chapel Hill General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee, and special obligation bonds issued under the UNC-Chapel Hill General Indenture are payable solely from any funds of UNC-Chapel Hill or the Board in each Fiscal Year remaining after satisfying obligations of UNC-Chapel Hill or the Board under a trust indenture, trust agreement, or bond resolution providing for the issuance of debt as of the date of the UNC-Chapel Hill General Indenture with respect to UNC-Chapel Hill, including Unrestricted General Fund balances and Unrestricted Quasi-Endowment Fund balances shown as such on UNC-Chapel Hill’s financial statements, but excluding (1) appropriations by the General Assembly of the State from the State general fund, (2) tuition payments by UNC-Chapel Hill students, (3) funds whose purpose has been restricted by the gift, grant, or payee thereof,

and (4) revenues generated by Special Facilities, as defined in the UNC-Chapel Hill General Indenture (the “UNC-Chapel Hill Available Funds”);

NOW, THEREFORE, BE IT RESOLVED by the University of North Carolina Board of Governors as follows:

Section 1. **Authorization of Special Obligation Bonds Projects.** That the Board hereby approves and ratifies the use of the proceeds of the Bonds for the Special Obligation Bond Projects listed in Exhibit A to this resolution and the costs of issuance related to the Bonds.

Section 2. **Reauthorization of Prior Projects.** That the Board hereby reauthorizes projects that were previously approved by the General Assembly as “self-liquidating projects” and previously authorized by the Board for financing under the prior commercial paper program to be eligible to be financed and refinanced from the proceeds of Bonds.

Section 3. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient UNC-Chapel Hill 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 UNC-Chapel Hill to the extent required under the UNC-Chapel Hill General Indenture.

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.

PASSED, ADOPTED, AND APPROVED this 16th day of October, 2025.

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

SECRETARY’S CERTIFICATE
OF AUTHENTICATION

SS:

I, Meredith R. McCullen, Deputy Chief of Staff 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 University of North Carolina Board of Governors (“Board of Governors”) at its meeting on October 16, 2025 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of held on October 16, 2025 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on October 16, 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]

Deputy Chief of Staff and Secretary of the University of
North Carolina System

EXHIBIT A

UNC-CHAPEL HILL PROJECTS

The following projects at UNC-Chapel Hill approved by the North Carolina General Assembly in S.L. 2025-46, Part V, AN ACT TO MAKE VARIOUS CHANGES TO EDUCATION AND HIGHER EDUCATION LAWS; TO INCREASE PROTECTIONS FOR FUNDS HELD IN EDUCATION SAVINGS AND INVESTMENT ACCOUNTS AND ABLE ACCOUNTS FROM CLAIMS OF CREDITORS AND OTHER JUDGMENTS; TO AUTHORIZE NAME, IMAGE, AND LIKENESS AGENCY CONTRACTS; AND TO EXEMPT NAME, IMAGE, AND LIKENESS CONTRACTS FROM PUBLIC RECORDS REQUIREMENTS, are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by the University of North Carolina Board of Governors on behalf of UNC-Chapel Hill:

Electrical Distribution System/Substations & Switchgear Upgrade (\$14,581,920)
Fetzer Hall Addition/Campus Recreation (\$90,000,000)