

Sale of Special Obligation Bonds — 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 University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) requests that the Board of Governors issue special obligation bonds (the “2025A Bonds”) in a principal amount not to exceed \$100 million, plus an additional amount not to exceed five percent of such principal amount. The 2025A Bonds will be issued for the purpose of (a) refunding all or a portion of the University of North Carolina at Chapel Hill General Revenue Bonds, Series 2002A (commercial paper), (b) finance the remaining costs to complete construction of the Avery Residence Hall Renovation, the Bingham Hall Comprehensive Renovation, and portions of the Chilled Water Infrastructure Expansion — Phase I and (c) paying the related costs of issuance.

The aggregate principal of \$100 million will finance projects that were funded or that will be funded by UNC-Chapel Hill’s existing commercial paper and include: (a) \$19.5 million for the Medical Education Building (Roper Hall), (b) \$30 million for the Avery Residence Hall Renovation, (c) \$9 million for the Bingham Hall Comprehensive Renovation, (d) \$41.5 million for the Chilled Water Infrastructure Project — Phase I, and (e) paying the cost of issuing the 2025A Bonds. The expected cost of funds for the 2025 Bonds is approximately 4.65 percent. The 2025A Bonds will be sold on a competitive basis in the public market.

All projects in this request have been previously approved by the Board of Governors and were approved by the General Assembly under S.L. 2017-141 (Medical Education Building), S.L. 2023-66 (Avery Residence Hall Renovation, Bingham Hall Comprehensive Renovation, and Chilled Water Infrastructure Expansion — Phase 1), and S.L. 2024-24 (Chilled Water Infrastructure Expansion — Phase 1). The Board also previously authorized the interim financing of these projects under UNC-Chapel Hill’s 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

It is recommended that the president of the University, or his designee, be authorized to remarket 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 AND REFINANCE SPECIAL OBLIGATION BOND
PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

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 bond 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 University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) has advised the Board it would like to refund the outstanding The University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A and the related commercial paper bonds (the “Commercial Paper Bonds”) in order to provide long-term financing for the following special obligation bond projects all or a portion of which was financed with the outstanding Commercial Paper Bonds: (1) Medical Education Building, authorized by S.L. 2017-141 of the 2017 Session Laws, (2) Avery Residence Hall, authorized by S.L. 2023-66 of the 2023 Session Laws, (3) Bingham Hall Comprehensive Renovation, authorized by S.L. 2023-66 of the 2023 Session Laws, and (4) Chilled Water Infrastructure Expansion — Phase I, authorized by S.L. 2023-66 of the 2023 Session Laws and S.L. 2024-24 of the 2023 Session Laws (collectively, the “CP Projects”);

WHEREAS, UNC-Chapel Hill has requested that the Board, in addition to refinancing the CP Projects, to finance the completion of the Avery Residence Hall and the Bingham Hall projects referenced above and additional portions of the Chilled Water Infrastructure Expansion — Phase I referenced above (the “2025 Bond Projects”);

WHEREAS, to achieve the goals set forth above, the Board has determined to authorize the issuance of The University of North Carolina at Chapel Hill General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$100,000,000, plus an additional five percent as specified below, to (1) refund the Commercial Paper Bonds, (2) finance the 2025 Bond Projects, and (3) 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 January 15, 2001 (the “General Indenture”) between the Board and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a Series Indenture, Number 19 (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 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 of the Board with respect to UNC-Chapel Hill as of the date of the General

Indenture, including Unrestricted General Fund balances and Unrestricted Quasi-Endowment Fund balances shown as such on the UNC-Chapel Hill financial statements, but excluding (1) appropriations by the North Carolina General Assembly 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 General Indenture) (the “Available Funds”); and

WHEREAS, Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC (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 or 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 2025 Bond Projects and UNC-Chapel Hill will incur and pay certain expenditures in connection with the 2025 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 UNC-Chapel Hill 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 under the General Indenture and the Series Indenture in an aggregate principal amount not to exceed \$100,000,000, the proceeds of such to be used to pay the costs of refunding the Commercial Paper Bonds and the remainder to pay the costs of the 2025 Bond Projects and the costs of issuance of the Bonds related thereto.

The maximum principal amount of Bonds to be issued related to the refunding of the Commercial Paper Bonds and financing of the 2025 Bond Projects may also include an additional five percent (5%) of

the amounts specified above to pay additional issuance expenses and other related costs. The Bonds may be issued in one or more series of bonds in any combination of tax-exempt and taxable bonds for any or all of the purposes set forth herein, as the Senior Vice President for Finance and Administration and Chief Financial Officer of the UNC System (the "SVP-Finance"), or her designee, in consultation with the appropriate officers at UNC-Chapel Hill, determine to be in UNC-Chapel Hill's best interest to achieve the goals set forth herein.

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 UNC-Chapel Hill 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 Finance and Operations of UNC-Chapel Hill to select any 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 be and the same hereby 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 Deputy Chief of Staff and Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the "Authorized Officers"), be and they hereby are each authorized, empowered, and directed to execute and deliver 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, and that from and after the execution and delivery of the Board Documents, 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, be and they hereby 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 and that from and after the execution and delivery of the Purchase Agreement, 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 Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** The form, terms and content of the Preliminary Official Statement be and the same hereby 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, be and they hereby are each authorized, empowered, and directed to deliver the Official Statement for and on behalf of the Board in substantially 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, and 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. **Official Declaration of Intent to Reimburse.** The Board presently intends, and reasonably expects, to cause UNC-Chapel Hill to be reimbursed for the Original Expenditures incurred and paid by UNC-Chapel Hill 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 2025 Bond Projects and the maximum principal amount of Bonds expected to be issued by the Board to pay costs of the 2025 Bond Projects is \$100,000,000. 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 UNC-Chapel Hill 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 documents hereinabove authorized, 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, and otherwise contemplated by this Resolution. 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 Finance and Operations at UNC-Chapel Hill, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents and take such actions as may be necessary to the issuance and on-going administration of the Bonds, and otherwise contemplated by this Resolution on behalf of UNC-Chapel Hill.

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 16th day of October, 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, 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 (the "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 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