

Sale of Special Obligation Bonds — University of North Carolina Asheville

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 Asheville requests that the Board of Governors issue special obligation bonds (the “2026 Bonds”) in a principal amount not to exceed \$30.5 million for the purpose of (a) refinancing all or a portion of UNC Asheville’s General Revenue Bonds, Series 2017 (the “2017 Bonds”), and (b) paying certain costs incurred in connection with the issuance of the 2026 Bonds. The 2017 Bonds financed the construction of a new residence hall and the renovation of the student center.

UNC Asheville estimates that it can achieve approximately \$1.5 million in net present value savings due by refinancing the 2017 Bonds, representing approximately 5.2 percent savings of the par amount refunded. The refunding of the 2017 Bonds will be subject to final approval by the University of North Carolina System Office. The 2026 Bonds are expected to be sold on a competitive basis in the public market; however, UNC Asheville would like to reserve the ability for the Board of Governors to sell the 2026 Bonds through a negotiated sale with one or more underwriters based on market conditions at the time of the sale of the 2026 Bonds.

UNC Asheville is rated “A2” with a stable outlook by Moody’s Ratings. UNC Asheville is not currently rated by S&P Global Ratings or Fitch Ratings. The transaction is expected to have no impact on UNC Asheville’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 BOARD OF GOVERNORS
AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO REFINANCE A
SPECIAL OBLIGATION BOND PROJECT FOR UNIVERSITY OF NORTH CAROLINA AT
ASHEVILLE**

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 University of North Carolina at Asheville (“UNC Asheville”) and its financial advisor have advised the Board that it can achieve debt service savings by refunding all or a portion of The University of North Carolina at Asheville General Revenue Bonds, Series 2017 (the “2017 Bonds”), the proceeds of which were used to finance the construction, equipping, and furnishing of a new residence hall and the renovation of the student center on UNC Asheville’s campus;

WHEREAS, the Board has determined to issue The University of North Carolina at Asheville General Revenue Refunding Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) to (1) refund all or a portion of the 2017 Bonds, if and to the extent UNC Asheville is able to achieve sufficient debt service savings, 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 September 1, 2002 (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;

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any funds of UNC Asheville or the Board in each Fiscal Year remaining after satisfying obligations of UNC Asheville or the Board under a trust indenture, trust agreement, or bond resolution providing for the issuance of debt as of the date of the General Indenture of the Board with respect to UNC Asheville, but excluding (1) appropriations by the North Carolina General Assembly of the State from the State General Fund, (2) tuition payments by UNC Asheville 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 expects 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 UNC Asheville; however, wants to reserve the ability to sell the Bonds through a negotiated sale with one or more underwriters based on market conditions at the time of the sale of the Bonds;

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”);
4. the Bonds in the form set forth in the Series Indenture; and
5. an Escrow Agreement between the Board and U.S. Bank Trust Company, National Association, as escrow agent, related to the refunding of the 2017 Bonds;

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; and

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 \$30,500,000 to refund all or a portion of the 2017 Bonds to achieve debt service savings, if and to the extent UNC Asheville is able to achieve sufficient debt service savings, and to pay the 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 Chief Financial Officer of the UNC System (the “SVP-Finance”) or her designee, in consultation with the appropriate officers at UNC Asheville, determine to be in UNC Asheville’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 UNC Asheville 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 Budget & Finance/Chief Operating Officer of UNC Asheville (the “Vice Chancellor”), or anyone acting in an interim capacity, 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 Deputy Chief of Staff 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 Sale of Bonds.** That the Chair of the Board, the President of the UNC System and the SVP-Finance and the Vice Chancellor, 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 UNC Asheville; and the Authorized Officers and the Vice Chancellor, 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.

The Board also hereby authorizes the SVP-Finance, in consultation with the Vice Chancellor, and their respective designees, to determine in her sole discretion if a negotiated sale of the Bonds is more advantageous for UNC Asheville. If so determined, the SVP-Finance and the Vice Chancellor, or their respective designees, are hereby authorized and directed to undertake a process to select one or more underwriters for the Bonds and to negotiate a bond purchase agreement between the Board and the underwriters for the purchase of the Bonds which the Authorized Officers are each authorized, empowered, and directed to execute and deliver.

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 to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions, or deletions therein.

Section 7. **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 ongoing 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, 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 UNC Asheville.

Section 8. **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 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 26th day of February, 2026.

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 (the "Board of Governors") at its meeting on February 26, 2026 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on February 26, 2026 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on February 26, 2026 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2026.

[SEAL]

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