

AGENDA ITEM

- A-5. Authorized Use of Special Obligation Bonds “Commercial Paper” –
University of North Carolina at Chapel HillJennifer Haygood

Situation: The University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) requests that the University of North Carolina Board of Governors authorize UNC-Chapel Hill to finance, under its existing commercial paper program, all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the North Carolina General Assembly under S.L. 2026-9 (H.B. 1123):

- New Residence Hall I (\$141,200,000)
- Parker & Teague Halls-Demolition and Replacement (\$112,000,000)

The total aggregate principal amount shall not exceed \$253,200,000.

Background: The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. All projects in this request have been previously approved by the Board of Governors and were approved by the General Assembly under S.L. 2026-9 (HB 1123).

Assessment: In October 2025, the Board approved the University of North Carolina at Chapel Hill General Revenue Bond, Commercial Paper Bonds (the “Commercial Paper”), to establish a new commercial paper program and provide short-term, construction period financing for capital projects at UNC-Chapel Hill authorized by 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. This request would authorize UNC-Chapel Hill to finance the projects approved under S.L. 2026-9 under its existing commercial paper program.

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

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

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 institution revenues excluding tuition, state appropriations, and restricted reserves.

The Board previously issued the University of North Carolina at Chapel Hill General Revenue Bond, Commercial Paper Bonds (the “Commercial Paper”) to establish a new commercial paper program and provide short-term, construction period financing for capital projects for 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. Pursuant to the bond resolution, adopted by the Board on October 16, 2025, the senior vice president for finance and administration may authorize and deliver to the issuing and paying agent proposed issuances of new money commercial paper bonds.

UNC-Chapel Hill requests permission from the Board 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. 2026-9 (H.B. 1123). The aggregate principal amount shall not exceed \$253,200,000 and includes the following:

- New Residence Hall I (\$141,200,000)
- Parker & Teague Halls-Demolition and Replacement (\$112,000,000)

The New Residence Hall 1 project includes the construction of two new residence halls with approximately 730 beds. The estimated completion date is August 2028. The Parker & Teague Halls Demolition and Replacement project will demolish Parker and Teague residence halls and construct a new residence hall including approximately 550 total beds. The estimated completion date is August 2030.

UNC-Chapel Hill plans to refund commercial paper with long-term debt when the commercial paper outstanding balance is approximately \$100 million. Based on estimated construction schedules, the conversion to permanent debt financings will occur in FY27, FY28, and FY30.

UNC-Chapel Hill currently has an issuer credit rating of “Aaa” with a stable outlook by Moody’s Ratings, an issuer credit rating of “AAA” with a stable outlook by S&P Global Ratings, and an issuer credit rating of “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 BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH
CAROLINA SYSTEM AUTHORIZING 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;

WHEREAS; the Board has authorized the issuance of Commercial Paper Bonds (UNC-Chapel Hill) (the “Commercial Paper”), pursuant to a Bond Resolution adopted by the Board on October 16, 2025, proceeds of which are available to the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) in order to finance the costs of certain projects on the campus of UNC-Chapel Hill;

WHEREAS; the Board has determined 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 under the Act, the projects approved by the North Carolina General Assembly in S.L. 2026-9 (HB 1123), AN ACT TO MAKE VARIOUS CHANGES RELATED TO THE UNIVERSITY OF NORTH CAROLINA AND UPDATES TO STATUTES RELATED TO CONTRACTING FOR CAPITAL PROJECTS, and listed in Exhibit A to this resolution (collectively, the “Special Obligation Bond Projects”); and

WHEREAS, 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, 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 Board 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. **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 attributable to UNC-Chapel Hill 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 3. **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 4. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 23rd day of July, 2026.

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 July 23, 2026 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors held on July 23, 2026 was sent to each member of the Board of Governors, and (3) a quorum was present at the meeting on July 23, 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

EXHIBIT A

UNC CHAPEL HILL PROJECTS

The following projects at UNC Chapel Hill approved by the North Carolina General Assembly in S.L. 2026-9 (HB 1123), AN ACT TO MAKE VARIOUS CHANGES RELATED TO THE UNIVERSITY OF NORTH CAROLINA AND UPDATES TO STATUTES RELATED TO CONTRACTING FOR CAPITAL PROJECTS, are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by the Board of Governors on behalf of UNC Chapel Hill:

New Residence Hall I (\$141,200,000)

Parker & Teague Halls - Demolition and Replacement (\$112,000,000)