

Interim Financing – North Carolina A&T State University

The Board of Governors has authorized the President to approve interim financing for capital improvements projects that have been approved by the Board and the General Assembly until permanent long-term financing can be obtained. Although the President has been delegated this authority, Board approval is being requested because the amount of the interim financing is for a significant amount of the total project and its approval would indicate a commitment of the Board of Governors to issue long-term bonds in the fall of 2015.

North Carolina A&T State University requests that the Board approve a Bond Anticipation Note in an amount not to exceed \$10,000,000 for the purpose of (1) paying the cost of the construction, equipping, and furnishing a new student center on the campus of NCA&T in the anticipation of the issuance of long-term bonds later this year, and (2) to pay the costs incurred in connection with the issuance of the 2015 loan. The new student center project has been previously approved by the Board of Governors and the General Assembly.

Interim financing for this project is necessary to reimburse the University for design, financing, and other costs incurred to date on the project as well as provide a funding source for design, pre-construction costs, and related site work and other necessary improvements for the new student center. The Bond Anticipation Note will be obtained by NCA&T by entering into an agreement with a financial institution for an amount not to exceed \$10,000,000. The Note would have a variable interest rate and NCA&T would pay interest only during the term of the Note. The principal will be repaid with proceeds of long-term bonds expected to be issued in late fall of 2015 at no prepayment penalty.

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North Carolina A&T State University is currently rated A1 and A+ by Moody's Investor Service and Fitch Investors Service respectively. It is expected that NCA&T would maintain its A1/A+ credit ratings after issuing bonds to repay the interim loan.

It is recommended that NCA&T be authorized to enter into a Bond Anticipation Note between the April 2015 and May 2015 meetings of the Board through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY
OF NORTH CAROLINA AUTHORIZING THE ISSUANCE OF A
SPECIAL OBLIGATION BOND ANTICIPATION NOTE TO FINANCE A
SPECIAL OBLIGATION BOND PROJECT FOR NORTH CAROLINA
AGRICULTURAL & TECHNICAL STATE UNIVERSITY**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “*Board*”) of the University of North Carolina (the “*University*”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University (“*NCA&T*”), North Carolina Central University, North Carolina State University, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of the Arts, Western Carolina University and Winston-Salem State University and other institutions; and

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; and

WHEREAS; the Board has determined to issue North Carolina Agricultural & Technical State University General Revenue Bond Anticipation Note, Series 2015 (with appropriate descriptions and series designations, if necessary) in one or more series (the “*2015 Note*”) in an aggregate principal amount not to exceed \$10,000,000 (1) to pay the costs of the construction, equipping and furnishing of a new student center on the campus of NCA&T in anticipation of the issuance of North Carolina Agricultural & Technical State University General Revenue Bonds for such purpose, the financing of which was authorized by Chapter 394 of the 2013 Session Laws of North Carolina (the “*Special Obligation Bond Project*”) and (2) to pay the costs incurred in connection with the issuance of the 2015 Note; and

WHEREAS, the Board has determined to issue the 2015 Note under the General Trust Indenture dated as of December 1, 2012 (the “*General Indenture*”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and Series Indenture, Number 2 dated as of April 15, 2015 (the “*Second Series Indenture*”) between the Board and the Trustee; and

WHEREAS, the 2015 Note and other obligations issued under the General Indenture are payable solely from any funds of NCA&T or the Board in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by NCA&T students, (3) funds whose purpose has been restricted by

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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 2015 Note will be purchased by a financial institution to be determined by the Senior Vice President and Chief Operating Officer of the University; 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 Second Series Indenture; and
2. the 2015 Note in the form set forth in the Second Series Indenture; and

WHEREAS, the issuance of the 2015 Note 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 Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

WHEREAS, the issuance of the 2015 Note 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 Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

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

Section 1. **Authorization of 2015 Note.** The Board hereby authorizes the issuance of the 2015 Note in the principal amount not to exceed \$10,000,000 under the General Indenture and the Second Series Indenture.

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 2015 Note and the obligations that will be applied to discharge the 2015 Note.

Section 3. **Authorization of Board Documents.** The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President, the Senior Vice President and Chief Operating Officer of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University (collectively, the “*Authorized Officers*”) are hereby authorized, empowered and directed, individually and collectively, 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 any Authorized Officer may deem necessary, desirable or appropriate, the execution thereof by any Authorized Officer 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

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delivery of the Board Documents, the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, 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. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, 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. The Authorized Officers 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 2015 Note.

Section 5. **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 6. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

The foregoing Resolution was duly adopted by the Board at a regular meeting of the Board held on the 10th day of April, 2015 and that the same was passed and adopted by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

PASSED, ADOPTED, AND APPROVED this 10th day of April, 2015.