

Sale of Special Obligation Bonds – North Carolina Central University

The Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

North Carolina Central University requests that the Board issue special obligation bonds in an amount not to exceed \$2,000,000 for the purpose of making emergency repair and renovations to the NCCU School of Law. The 2016 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the President of the University, or her designee, in consultation with the appropriate officers at NCCU, determine to be in the best interest of the University.

North Carolina Central University currently has an issuer credit rating of A3 by Moody's Investor Service with a Negative Outlook. NCCU will seek to have its credit rating affirmed in connection with the issuance of these bonds. Parker Poe is bond counsel and First Tryon is the financial advisor.

It is recommended that the President of the University, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA AUTHORIZING NORTH CAROLINA CENTRAL  
UNIVERSITY TO FINANCE A SPECIAL OBLIGATION BOND PROJECT  
FOR NORTH CAROLINA CENTRAL 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, North Carolina Central University (“*NC Central*”), 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**; pursuant to a resolution adopted by the Board on March 4, 2016 (the “*March Resolution*”), the Board authorized the issuance of North Carolina Central University General Revenue Refunding Bonds, Series 2016 (with appropriate descriptions and series designations) (the “*2016 Bonds*”) to do some or all of the following as may be in the best interest of North Carolina Central University (“*NC Central*”): (a) refund all or a portion of The University of North Carolina System Pool Revenue Bonds, Series 2009C issued for the benefit of NC Central (the “*2009C Bonds*”), (b) refinance all or a portion of a promissory note from NC Central to PNC Bank, National Association dated December 17, 2014 (the “*2014 Note*”) and (c) pay the costs incurred in connection with the issuance of the 2016 Bonds; and

**WHEREAS**, the Board authorized the issuance of the 2016 Bonds under the General Trust Indenture (the “*General Indenture*”) between the Board and The Bank of New York Mellon Trust Company, N.A. (the “*Trustee*”), and Series Indenture, Number 1 (the “*Series Indenture, Number 1*”) between the Board and the Trustee; and

**WHEREAS**; the Board has subsequently determined to authorize the issuance of special obligation bonds in an aggregate principal amount not to exceed \$2,000,000 to finance the costs of certain deferred maintenance and infrastructure improvements on the campus of NC Central authorized by Chapter 275 of the 2015 Session Laws of North Carolina (the “*Special Obligation Bond Project*”) and (2) to pay the costs incurred in connection with the financing of the Special Obligation Bond Project; and

**WHEREAS**, the Board has determined to authorize the financing of the Special Obligation Bond Project either together with the 2016 Bonds or, if determined to be in the best interest of NC Central, as a separate issuance of special obligation bonds under the General Indenture and a series indenture in substantially the same form as the Series Indenture, Number 1;

**WHEREAS**, the obligations related to the financing of the Special Obligation Bond Project will be payable solely from any legally available funds of NC Central, or of the Board held for NC Central, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by NC Central students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities, (5) funds restricted by law and (6) funds derived from a source of revenues authorized by the Board after the most recent Series of Bonds were issued and that have been identified in a Certificate from the Vice Chancellor to the Board and the Trustee as being excluded (the “*Available Funds*”); and

**WHEREAS**, the financing of the Special Obligation Bond Project under the General Indenture 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 of North Carolina as follows:

Section 1. ***Sufficiency of Available Funds.*** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the financing of the Special Obligation Bond Project.

Section 2. ***Authorization of Financing of Special Obligation Project.*** That the Board ratifies all of its findings in the March Resolution so that the Special Obligation Bond Project can be financed as part of the 2016 Bonds and the form and content of the Board Documents (as set forth in the March Resolution) to include the financing of the Special Obligation Project in a principal amount not to exceed \$2,000,000; provided, however, if the Vice President-Finance/Chief Financial Officer of the University and Vice Chancellor for Administration and Finance of NC Central determine it is in the best interest of NC Central to finance the Special Obligation Bond Project as a separate issuance of special obligation bonds, then such bonds in a principal amount not to exceed \$2,000,000 may be issued under the General Indenture and a series indenture substantially in the form of Series Indenture, Number 1 and the Chairman of the Board, the President of the University, the Senior Vice President/Chief Operating Officer of the University, the Vice President-Finance/Chief Financial Officer of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University (the “*Authorized Officers*”), individually and collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the series indenture for the Special Obligation Bond Project and such other related documents as they determine necessary to consummate the financing.

Section 3. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers, individually and 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 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 authorized under this Resolution.

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.

## APPENDIX F

The foregoing Resolution was duly adopted by the Board at a regular meeting of the Board held on the 15th day of April, 2016, and that the same was passed and adopted by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

*PASSED, ADOPTED, AND APPROVED* this 15th day of April, 2016.

APPENDIX F

STATE OF NORTH CAROLINA

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SS:

COUNTY OF ORANGE

SECRETARY'S CERTIFICATE  
OF AUTHENTICATION

I, Ann Lemmon, Secretary of the University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on April 15, 2016 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina held on April 15, 2016 was sent to each member of the Board, and (3) a quorum was present at the meeting on April 15, 2016 at which time the foregoing Resolution was adopted.

*WITNESS*, my hand and the seal of the University of North Carolina this \_\_\_\_ day of \_\_\_\_\_, 2016.

[SEAL]

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Ann Lemmon, Secretary  
The University of North Carolina