

Sale of Special Obligation Bonds – UNCA

ISSUE OVERVIEW

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. Specific funding sources for the current capital projects include student receipts for the residence facility and an approved debt service fee for the student center renovation (self-liquidating).

The University of North Carolina at Asheville requests that the Board issue special obligation bonds in an amount not to exceed \$48,536,000 (representing \$46,225,000 in aggregate project authority granted under S.L. 2016-97, plus up to 5% of such amount to pay, if necessary, certain issuance expenses as permitted by S.L. 2016-97) for the purpose of constructing a Residence Facility and for renovating the Highsmith Student Center, constructed in 2001. These bonds will be sold through a negotiated basis with an underwriter.

The University of North Carolina at Asheville currently has an issuer credit rating of A1 with a stable outlook from Moody's Investors Service. Parker Poe Adams & Bernstein, LLP is bond counsel and First Tryon Advisors is the financial advisor.

RECOMMENDATION

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

APPENDIX D

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FUND SPECIAL OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE

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, North Carolina State University, The University of North Carolina at Asheville (“UNC 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 The University of North Carolina at Asheville General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$46,225,000 to finance the construction, equipping and furnishing of a new residence hall and the renovation of Highsmith Student Center (the “Special Obligation Bond Projects”) and up to an additional five percent of such principal amount to pay the costs incurred in connection with the issuance of the Bonds; and

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 U.S. Bank National Association, as trustee (the “Trustee”), and Series Indenture, Number 7 (the “Seventh 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 legally available funds of UNC Asheville, or of the Board held for the UNC Asheville, in each Fiscal Year, but excluding (1) appropriations by the 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, Citigroup Global Markets Inc. and Raymond James & Associates, Inc. (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

APPENDIX D

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 Seventh 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 Seventh 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 Special Obligation Bond Projects 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 Bonds.** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$46,225,000, plus up to an additional five percent of such principal amount to pay the costs incurred in connection with the issuance of the Bonds, under the General Indenture and the Seventh Series Indenture. The Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the Senior Vice President for Finance and Budget of the University, or his designee, in consultation with the appropriate officers at UNC Asheville determine to be in the best interest of the University and UNC Asheville.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds.

Section 3. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the University, the Senior Vice President for Finance and Budget of the University, the Secretary of the Board and the Secretary of the University, and their respective designees (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 shall 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.

APPENDIX D

Section 4. **Authorization of Preliminary Official Statement and Official Statement.** That 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 Authorized Officers be and they hereby are each authorized, empowered and directed to execute and deliver the Official Statement for and on behalf of the Board, if necessary, 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 shall 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 Official Statement by the Underwriters in connection with the sale of the Bonds with investors is hereby authorized, approved and confirmed.

Section 5. **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. The Authorized Officers may act individually or collectively to exercise the authority granted under this Resolution.

Section 6. **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 7. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 13th day of January, 2017.