

Sale of Special Obligation Bonds – UNC Charlotte

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds for capital improvement 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.

The University of North Carolina at Charlotte requests that the Board issue special obligation bonds in an amount not to exceed \$91,644,000.

The University of North Carolina at Charlotte currently has an issuer credit rating of “Aa3/A+/NR” with “Stable” outlooks.

Robinson Bradshaw & Hinson is bond counsel and disclosure counsel and Hilltop Securities 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 THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE AND REFINANCE SPECIAL OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE

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, The University of North Carolina School of the Arts, 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 (“UNC Charlotte”), The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, 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, 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 refunding bonds for the purpose of refunding any bonds issued 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 not to exceed \$91,644,000 aggregate principal amount of The University of North Carolina at Charlotte General Revenue Bonds, Series 2017 (with appropriate descriptions and series designations) in one or more series (the “2017 Bonds”) for the purpose of (1) financing (i) the renovation and improvement of Scott Residence Hall and (ii) the acquisition, construction and equipping of a Health and Wellness Center (together, the “Special Obligation Bond Project”), (2) paying in advance of its maturity all or a portion of the outstanding principal amount of The University of North Carolina at Charlotte General Revenue Bond Anticipation Note, Series 2016 (the “BAN”), plus interest to the prepayment date, the proceeds of which have been used for the renovation and improvement of Elm, Maple, and Pine Residence Halls, (3) the renovation and improvement of Elm, Maple, and Pine Residence Halls, to the extent the full \$19,477,500 authorized principal amount of the BAN are not drawn down and used for that purpose, (4) refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of UNC Charlotte that result in sufficient savings to UNC Charlotte as set forth below, (5) if applicable, paying the premium on one or more municipal bond insurance policies to be issued simultaneously with the issuance of some or all of the 2017 Bonds, (6) if applicable, paying interest on a portion of the 2017 Bonds during construction of portions of the Special Obligation Bond Project, and (7) paying the costs incurred in connection with the issuance of the 2017 Bonds; and

WHEREAS, the Board has determined to issue the 2017 Bonds under the General Trust Indenture dated as of July 1, 2006 (the “General Indenture”) between the Board and U.S. Bank National Association, as trustee (the “Trustee”) and Series Indenture, Number 10 dated as of October 1, 2017 (the “Tenth Series Indenture” and together with the General Indenture, the “Indentures”) between the Board and the Trustee; and

APPENDIX D

WHEREAS, the 2017 Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Charlotte, or of the Board held for UNC Charlotte, in each Fiscal Year remaining after satisfying obligations of UNC Charlotte or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to UNC Charlotte existing prior to January 10, 2002, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by UNC Charlotte 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 General Indenture (the “Available Funds”);

WHEREAS, it is anticipated that in September 2017, Citigroup Global Markets Inc. (the “Underwriter”) will agree to purchase all of the 2017 Bonds pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Underwriter; and

WHEREAS, there have been made available to the Board forms of the following documents (the “Board Documents”), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Tenth Series Indenture;
2. the Purchase Agreement;
3. the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the 2017 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “Official Statement”) relating to the 2017 Bonds; and
4. the 2017 Bonds as set forth in the Tenth Series Indenture; and

WHEREAS, the 2017 Bonds will be payable from Available Funds designated by the Board in the General Indenture as obligated resources; and

WHEREAS, the issuance of the 2017 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 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. **Authorization of 2017 Bonds.** That the Board hereby authorizes the issuance of the 2017 Bonds in an aggregate principal amount not to exceed \$91,644,000 (plus any amount necessary for refunding as described below) for the purposes recited above. The 2017 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, in consultation with the appropriate officers at UNC Charlotte, determine to be in the best interest of the University and UNC Charlotte.

APPENDIX D

Section 2. ***Sufficiency of Available Funds.*** That the Board hereby finds that sufficient Available Funds are reasonably expected to be available to pay the principal of and interest on the 2017 Bonds.

Section 3. ***Authorization of Refundings.*** That the Board authorizes each of the President and the Senior Vice President for Finance and Budget of the University to include with the purpose for which the 2017 Bonds are issued the refunding of all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of UNC Charlotte which produce not less than 2% net present value savings to UNC Charlotte as certified by UNC Charlotte's financial advisor. To the extent any such refinancing or refunding requires an escrow agreement to hold and invest proceeds of the 2017 Bonds, each of the President and the Senior Vice President for Finance and Budget of the University hereby are authorized, empowered and directed to execute and deliver such an escrow agreement for and on behalf of the Board.

Section 4. ***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 and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University, individually and collectively (the "Authorized Officers") be and they hereby are 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.

Section 5. ***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 Underwriter in connection with the sale of the 2017 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board 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 Underwriter in connection with the sale of the 2017 Bonds is hereby authorized, approved and confirmed.

Section 6. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University are 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 2017 Bonds.

APPENDIX D

Section 7. ***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 8. ***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 September 8, 2017 and that the same was passed and adopted by the following vote: