

Sale of Special Obligation Bonds – The University of North Carolina at Greensboro

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 Greensboro requests that the Board issue a special obligation bond in a principal amount not to exceed \$9,600,000 (the “Bond”) for the purpose of refinancing up to \$9,475,000 of outstanding special obligation bonds issued on behalf of UNC Greensboro in 2010 (the “2010B Bonds”). UNCG estimates that it can achieve approximately \$965,000 in net present value savings by refunding the 2010B Bonds, representing roughly 10.1% of the par amount refunded.

The Bond will be privately placed with PNC Bank, N.A., which was selected through a competitive RFP process. The Bond will be delivered for settlement on April 1, 2020, the call date for the 2010B Bonds, under the terms of a forward delivery bond purchase agreement, which will eliminate interest rate risk between now and the call date.

UNC Greensboro currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investor Service and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. This transaction is expected to have no impact on UNC Greensboro’s credit ratings. Parker Poe Adams & Bernstein LLP is bond counsel and First Tryon is the financial advisor to UNC Greensboro.

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bond through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH
CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS
TO REFUND A SPECIAL OBLIGATION BOND PROJECT FOR
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System; 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 University of North Carolina at Greensboro (“UNC Greensboro”) and its financial advisor have advised the Board that it may be able to achieve debt service savings related to The University of North Carolina System Pool Revenue Bonds (UNC Greensboro), Series 2010B-2 (the “2010B-2 Pool Bonds”) previously issued by the Board on behalf of UNC Greensboro to refinance prior bonds issued on behalf of UNC Greensboro;

WHEREAS; the Board has determined to issue The University of North Carolina at Greensboro General Revenue Bond (the “Bond”) in an aggregate principal amount not to exceed \$9,600,000 to refund the 2010B-2 Pool Bonds and to pay the costs of issuing the Bond; and

WHEREAS, the Board has determined to issue the Bond under the General Trust Indenture dated as of June 1, 2001 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a series indenture (the “Series Indenture”) between the Board and the Trustee; and

WHEREAS, the Bond and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Greensboro, or of the Board held for UNC Greensboro, in each Fiscal Year, including Unrestricted Fund Balances shown as such on the UNC Greensboro financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Greensboro students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof and (4) revenues generated by Special Facilities (the “Available Funds”);

WHEREAS, the Bond will be purchased by PNC Bank, National Association (the “Purchaser”) on a forward-delivery basis pursuant to a forward delivery bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser;

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 Series Indenture;
3. the Purchase Agreement; and
4. the Bond in the form set forth in the Series Indenture; and

WHEREAS, the issuance of the Bond 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 Bond in compliance with Section 116D-23 of the Act;

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

Section 1. **Authorization of Bond.** That the Board hereby authorizes the issuance of the Bond in an aggregate principal amount not to exceed \$9,600,000 under the General Indenture and the Series Indenture to pay the costs of refunding the 2010B-2 Pool Bonds and costs incurred in connection with the issuance of the Bond. The Bond 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 Administration and CFO of the UNC System (the “SVP-Finance”), or his designee, in consultation with the appropriate officers at UNC Greensboro, determine to be in the best interest of UNC Greensboro to achieve debt service savings.

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 Bond.

Section 3. **Selection of Purchaser and other Financing Team Members.** That the Board ratifies the selection of the Purchaser for the Bond and authorizes the SVP-Finance and the Vice Chancellor for Business Affairs of UNC Greensboro to select any other professionals necessary to undertake the financing as contemplated in this Resolution.

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 of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (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 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. **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 Bond. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business Affairs at UNC Greensboro, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bond on behalf of UNC Greensboro.

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 20th day of September, 2019.