

## **Sale of Millennial Campus Revenue Bond – Appalachian State University**

### **ISSUE OVERVIEW**

The Board of Governors, pursuant to the Millennial Campuses Financing Act, Article 21B of Chapter 116 of the General Statutes (the “Act”), by resolution adopted on September 9, 2016, designated an 87.96-acre area of Appalachian State University (“Appalachian”) that includes Kidd Brewer Stadium (the “Stadium”) and a number of west campus residence halls as a Millennial Campus (the “Millennial Campus”). The Board of Governors is authorized to issue Millennial Campus revenue bonds payable from any leases, rentals, charges, fees, and other revenues of a “project” (as defined in the Act) located on a Millennial Campus.

The Board of Governors is authorized to issue Millennial Campus revenue bonds and bond anticipation notes for projects under the Act.

Appalachian requests that the Board issue a Millennial Campus revenue bond (the “2020 Bond”) in an amount not to exceed \$2,650,000 for the purpose of acquiring and installing a field turf system for the Stadium (the “2020 Project”) and paying costs incurred in connection with the issuance of the 2020 Bond. The 2020 Project constitutes a “project” under the Act.

Charges and other revenues associated with the use of the 2020 Project will be used by Appalachian to retire the 2020 Bond. The 2020 Bond will be placed with DNT Asset Trust, an affiliate of JPMorgan Chase & Co., which was selected through a competitive RFP process.

Appalachian currently has an issuer credit rating of “Aa3” with a negative outlook from Moody’s Investor Service, and Appalachian’s outstanding Millennial Campus revenue bonds are rated “A1” with a negative outlook from Moody’s Investor Service. This transaction is not expected to have any impact on Appalachian’s credit ratings. McGuireWoods LLP is bond counsel, and First Tryon Advisors is the financial advisor.

It is recommended that the president of the University, or his designee, be authorized to sell the 2020 Bond through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF A  
MILLENNIAL CAMPUS REVENUE BOND FOR APPALACHIAN STATE  
UNIVERSITY TO FUND THE ACQUISITION AND INSTALLATION OF A  
FIELD TURF SYSTEM AT KIDD BREWER STADIUM**

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, pursuant to the Millennial Campuses Financing Act, Article 21B of Chapter 116 of the General Statutes (the “Act”), by resolution adopted on September 9, 2016, designated an 87.96-acre area of Appalachian State University (“Appalachian”) that includes Kidd Brewer Stadium (the “Stadium”) and a number of west campus residence halls as a Millennial Campus (the “Millennial Campus”); and

WHEREAS, the Board is authorized by the Act to issue revenue bonds of the Board, payable from any leases, rentals, charges, fees, and other revenues of a “project” (as defined in the Act) on a Millennial Campus; and

WHEREAS, pursuant to a Master Trust Indenture, dated as of December 1, 2018 (the “Master Indenture”), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and Series Indenture, Number 1, dated as of December 1, 2018 (the “First Series Indenture”), between the Board and the Trustee, the Board previously issued its \$39,865,000 Appalachian State University Millennial Campus Revenue Bonds, Series 2018 (End Zone Project) (the “2018 Bonds”) to (a) finance the acquisition, construction and equipping of a mixed-use project located at the north end zone of the Stadium to replace the former Owens Field House, including campus dining and catering facilities, stadium club seats, an orthopedic health and training facility and related steam system improvements (collectively, the “2018 Project”), and (b) pay the costs of issuing the 2018 Bonds; and

WHEREAS, the Board has now determined to issue not-to-exceed \$2,650,000 aggregate principal amount of Appalachian State University Millennial Campus Revenue Bond, Series 2020 (the “2020 Bond”), to (a) pay all or a portion of the costs of the acquisition and installation of a field turf system at the Stadium (collectively, the “2020 Project” and, together with the 2018 Project, the “Project”), and (b) pay the costs of issuing the 2020 Bond;

WHEREAS, the Board has determined that the 2020 Project constitutes a “Special Facility” under the Board’s General Trust Indenture dated as of May 1, 2003, between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended and supplemented, pursuant to which the Board issues its Appalachian State University General Revenue Bonds (the “General Revenue Bond Indenture”) and

WHEREAS, the Board has determined to issue the 2020 Bond on a parity basis with the 2018 Bonds under the Master Indenture and a Series Indenture, Number 2, dated as of February 1, 2020 (the “Second Series Indenture” and, together with the Master Indenture and the First Series Indenture, the “Indenture”); and

## APPENDIX D

WHEREAS, the 2018 Bonds and the 2020 Bond shall be payable solely from leases, rentals, charges, fees, and other revenues of the Project (the “Revenues”), as further specified in the Indenture, and in the Indenture the Board agrees to fix, revise, charge and collect fees, rents, and charges for the lease, use, occupancy, or operation of the Project to provide funds (i) to pay the cost of maintaining, repairing, and operating the Project, (ii) to pay the principal of and the interest on the 2020 Bond as the same shall become due and payable, and (iii) to create and maintain reserves for such purposes; and

WHEREAS, DNT Asset Trust has been selected to purchase the 2020 Bond (the “Purchaser”), and is expected to purchase the 2020 Bond pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser; and

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

1. the Master Indenture;
2. the Second Series Indenture;
3. the form of the 2020 Bond, as set forth in the Second Series Indenture; and
4. the Purchase Agreement.

WHEREAS, the 2020 Bond shall not be deemed to constitute a debt or liability of the State of North Carolina or any political subdivision thereof or a pledge of the faith and credit of the State of North Carolina or of any such political subdivision, but shall be payable solely from the funds herein provided therefor from the Revenues in compliance with Section 116-198.32 of the Act;

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

Section 1. Authorization of Bond. The Board hereby authorizes and approves the issuance of the 2020 Bond in an aggregate principal amount not to exceed \$2,650,000, subject to the terms and conditions of this Resolution. The 2020 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, or his designee, in consultation with the appropriate officers at Appalachian, determine to be in the best interest of the UNC System and Appalachian.

Section 2. Designation of Special Facility. The Board hereby designates the 2020 Project (and any additional Millennial Campus Project designated in the future pursuant to the Master Indenture) as a “Special Facility” under the General Revenue Bond Indenture.

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 of the UNC System, the Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the UNC System (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, including such changes as may be necessary to reflect the terms of the 2020 Bond (including, but not limited to, the setting of interest rates, whether fixed rate to one or

more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall 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 delivery of the Board Documents, the Authorized Officers 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 the Master Indenture and 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 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 such 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 for the issuance and sale of the 2020 Bond. 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 2020 Bond. Any provision in this Resolution that authorizes more than one officer to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

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.