

## **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 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.

The University of North Carolina at Greensboro (UNCG) requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed \$16,000,000 (the “2021 Bonds”) for the purpose of (1) refunding the callable maturities of (a) UNCG’s General Revenue and Revenue Refunding Bonds, Series 2011 (the “2011 Bonds”) and (b) UNCG’s General Revenue and Revenue Refunding Bonds, Series 2012A (the “2012A Bonds”) and (2) paying costs of issuance related to the 2021 Bonds.

UNCG estimates that it can achieve approximately (1) \$170,000 in net present value savings by refunding the 2011 Bonds, representing over 8.9 percent of the par amount refunded and (2) \$1,255,000 in net present value savings by refunding the 2012A Bonds, representing approximately 9.5 percent of the par amount refunded.

The 2021 Bonds will be placed directly with JPMorgan Chase Bank, N.A. (or one of its affiliates), which was selected through a competitive request for proposals process. The 2021 Bonds issued to refund the 2011 Bonds will be issued on a tax-exempt basis. The 2021 Bonds issued to refund the 2012A Bonds will be issued on a taxable basis but will be eligible for conversion to a lower, tax-exempt rate on or after January 1, 2022, when the 2012A Bonds become currently callable.

UNCG currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service, and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. UNCG is currently not rated by Fitch Ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon is the financial advisor.

### **RECOMMENDATION**

It is recommended that the president of the University, or his 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 SYSTEM AUTHORIZING THE ISSUANCE OF  
SPECIAL OBLIGATION BONDS TO REFINANCE SPECIAL OBLIGATION BOND PROJECTS  
AND A SUBSEQUENT TAX-EXEMPT SPECIAL OBLIGATION BOND 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;

**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;

**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 by refunding (1) The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2011 (the “2011 Bonds”), the proceeds of which were used to finance the renovation of housing and dining facilities and to refinance special obligation bond projects and (2) The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2012A (the “2012A Bonds”), the proceeds of which were used to finance the acquisition of a residence hall and the construction of a campus police building and to refinance special obligation bond projects;

**WHEREAS**, if debt service savings can be achieved, the Board has determined to issue (1) The University of North Carolina at Greensboro General Revenue Refunding Bond, Series 2021A (the “2021A Bond”) in an aggregate principal amount not to exceed \$2,000,000 to (a) refund the 2011 Bonds maturing on and after April 1, 2022 (the “Refunded 2011 Bonds”) and (b) pay the costs of issuing the 2021A Bond, and (2) The University of North Carolina at Greensboro Taxable General Revenue Refunding Bond, Series 2021B (the “2021B Bond” and together with the 2021A Bond, the “2021 Bonds”) in an aggregate principal amount not to exceed \$14,000,000 to (a) refund the 2012A Bonds maturing on and after April 1, 2023 (the “Refunded 2012A Bonds”) and (b) pay the costs of issuing the 2021B Bond and the 2022 Bond (as defined below);

**WHEREAS**, the Board has determined to issue the 2021 Bonds under the General Trust Indenture dated as of June 1, 2001 (the “General Indenture”) between the Board and The Bank of New York, the successor to which is 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 Board has arranged to sell the 2021A Bond to JPMorgan Chase Bank, N.A., or its affiliate DNT Asset Trust (the “2021A Purchaser”), and the 2021B Bond to JPMorgan Chase Bank, N.A. (the “2021B Purchaser” and together with the 2021A Purchaser, the “Purchasers”), each selected through a request for proposals process whose bid resulted in the most favorable terms for UNC

## APPENDIX L

Greensboro, pursuant to the terms of the Series Indenture and a Bond Purchase Agreement (the "*Bond Purchase Agreement*") between the Board and the Purchasers;

**WHEREAS**, pursuant to the terms and conditions of the Series Indenture and a forward delivery bond purchase agreement (the "*Forward Bond Purchase Agreement*" and together with the Bond Purchase Agreement, the "*Purchase Agreements*") between the Board and the 2021B Purchaser, the Board also desires to authorize the sale and issuance to the 2021B Purchaser (or any subsequent owner of the 2021B Bond) of a tax-exempt revenue refunding bond in the principal amount equal to the outstanding principal amount of the 2021B Bond at the time of issuance thereof (the "*2022 Bond*" and together with the 2021 Bonds, the "*Bonds*") for the purpose of refunding and redeeming the 2021B Bond;

**WHEREAS**, the Bonds 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**, 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 Agreements;
4. an Escrow Agreement between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent, related to the refunding of the Refunded 2012A Bonds; and
5. the Bonds in the forms set forth in the Series Indenture;

**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 Bonds in compliance with Section 116D-23 of the Act;

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

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the 2021A Bond in an aggregate principal amount not to exceed \$2,000,000 and the 2021B Bond in an aggregate principal amount not to exceed \$14,000,000, each under the General Indenture and the Series Indenture to pay the costs of refunding the Refunded Bonds and costs incurred in connection with the issuance of the 2021 Bonds and the 2022 Bond. The Board also authorizes the issuance of the 2022 Bond in the principal amount equal to the outstanding principal amount of the 2021B Bond at the time of issuance of the 2022 Bond under the General Indenture and the Series Indenture to refund the 2021B

## APPENDIX L

Bond. The Bonds may be issued in one or more series of bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at UNC Greensboro, determine to be in UNC Greensboro’s best interest to achieve debt service savings on the Refunded Bonds, with respect to the 2021 Bonds, and to achieve debt service savings on the 2021B Bond, with respect to the 2022 Bond.

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 and to provide for the maintenance and operation of the facilities at UNC Greensboro to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board 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 Bonds. 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 Bonds 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 22nd day of April, 2021.