

Sale of Special Obligation Bonds – North Carolina A&T State University

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.

North Carolina A&T State University (“N.C. A&T”) requests that the Board issue special obligation bonds in an amount not to exceed \$82 million (the “2021 Bonds”) for the purpose of refunding the callable maturities of N.C. A&T’s General Revenue Bonds, Series 2015A (the “2015A Bonds”). N.C. A&T estimates that it can achieve approximately \$6.0 million in net present value savings by refunding the 2015A Bonds, or approximately 8.5 percent of the par amount refunded, which is based on a cost of funds of approximately 2.5 percent. The refunding of N.C. A&T’s 2015A Bonds will be subject to final review by the System Office to verify savings based on the interest rate environment at the time of the sale of the 2021 Bonds.

The 2021 Bonds will be issued on a taxable basis and sold in the public market on a negotiated basis by Goldman Sachs & Co. LLC, which was selected through a competitive RFP process.

N.C. A&T currently has an issuer credit rating of “A1” with a stable outlook by Moody’s Investors Service and an issuer credit rating of “AA-” with a stable outlook from Fitch Ratings. N.C. A&T is currently not rated by Standard & Poor’s. This transaction is expected to have no impact on N.C. A&T’s credit rating.

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.

APPENDIX C

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 FOR NORTH CAROLINA AGRICULTURAL & TECHNICAL STATE UNIVERSITY

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, North Carolina Agricultural & Technical State University (“N.C. A&T”) and its financial advisor have advised the Board that it may be able to achieve debt service savings by refunding North Carolina Agricultural Technical State University General Revenue Bonds Series 2015A (the “2015A Bonds”), the proceeds of which were used to finance and refinance the costs of the construction equipping and furnishing of new student center on the campus of N.C. A&T and refund other prior obligations, the proceeds of which were used to finance and refinance projects at N.C. A&T;

WHEREAS, if debt service savings can be achieved, the Board has determined to issue North Carolina Agricultural & Technical State University Taxable General Revenue Refunding Bonds (with appropriate descriptions and series designations) (the “Bonds”) in an aggregate principal amount not to exceed \$82,000,000 to (1) refund all or a portion of the 2015A Bonds maturing on and after October 1, 2026 (the “Refunded Bonds”) and (2) pay the costs of issuing the Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of December 1, 2012 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., (the “Trustee”), and a series indenture (the “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 funds of N.C. A&T or the Board held for N.C. A&T in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by N.C. A&T 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, Goldman Sachs & Co. LLC (the “Underwriter”) 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 Underwriter; and

APPENDIX C

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;
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 Bonds;
5. 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
6. the Bonds in the form set forth in the 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 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 Bonds in an aggregate principal amount not to exceed \$82,000,000 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 Bonds. 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 N.C. A&T, determine to be in N.C. A&T’s best interest to achieve debt service savings on the Refunded Bonds.

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 N.C. A&T to the extent required under the General Indenture.

Section 3. **Selection of Underwriters and other Financing Team Members.** That the Board authorizes the SVP-Finance and the Vice Chancellor for Business and Finance of N.C. A&T to select co-managing underwriters for the Bonds, if necessary or desirable, and 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 in all respects authorized, approved and confirmed, and the Chair 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, and their respective designees, 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. **Authorization of Purchase Agreement.** That the Chair of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and hereby are each authorized, empowered, and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers are each hereby 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 Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** That the form, terms, and content of the Preliminary Official Statement be and 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 Bonds is hereby in all respects authorized, approved, ratified, and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, 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 the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as 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 Preliminary Official Statement and the Official Statement by the Underwriter in connection with the sale of the Bonds to investors is hereby authorized, approved, and confirmed.

Section 7. **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 and Finance at N.C. A&T, 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 N.C. A&T.

Section 8. **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.

APPENDIX C

Section 9. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 16th day of September 2021.

Sale of Special Obligation Bonds – University of North Carolina at Charlotte

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. This request is for refinancing previously issued bonds.

UNC Charlotte is requesting that the Board of Governors issue special obligation bonds (“2021B Bonds”), not to exceed \$147 million for the purpose of refunding the callable portion of the tax-exempt Series 2013A Bonds (“2013A Bonds”) and tax-exempt Series 2015 Bonds (“2015 Bonds”). The 2021B Bonds will be payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

UNC Charlotte has \$35,430,000 outstanding of the 2013A Bonds and \$107,920,000 outstanding of the 2015 Bonds. The 2021B Bonds will be used to refund the callable portions of the 2013A Bonds and 2015 Bonds, all of which were issued to finance capital projects previously approved by the UNC Charlotte Board of Trustees, the Board of Governors, and the General Assembly.

UNC Charlotte estimates that it can achieve approximately \$10 million in net present value savings by refunding the 2013A Bonds and 2015 Bonds, or approximately eight percent of the par amount refunded, which is based on a cost of funds of approximately 2.5 percent. The refunding of UNC Charlotte’s 2013A and 2015 Bonds will be subject to final review by the System Office to verify savings based on the interest rate environment at the time of the sale of the 2021 Bonds.

The 2021B Bonds will be issued on a taxable basis and sold in the public market on a negotiated basis by Wells Fargo Bank, N.A. and co-managers, which was selected through a competitive Request for Proposal (RFP) process.

UNC Charlotte 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. UNC Charlotte is currently not rated by Fitch Ratings. This transaction is expected to have no impact on UNC Charlotte’s credit rating.

Robinson, Bradshaw & Hinson is serving as bond counsel and disclosure counsel, and Hilltop Securities is serving as financial advisor for the transaction.

RECOMMENDATION

It is recommended that the Board of Governors authorize the sale and issuance of the revenue refunding 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 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 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 bond 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 Charlotte (“UNC Charlotte”) and its financial advisor have advised the Board that it may be able to achieve debt service savings by refunding the callable maturities of The University of North Carolina at Charlotte General Revenue Bonds, Series 2013A (the “2013A Bonds”) and The University of North Carolina at Charlotte General Revenue Bonds, Series 2015 (the “2015 Bonds”) previously issued by the Board on behalf of UNC Charlotte to finance and refinance various special obligation bond projects at UNC Charlotte; and

WHEREAS, to achieve the goals set forth above, the Board has determined to authorize the issuance of The University of North Carolina at Charlotte General Revenue Refunding Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) to (1) refund all or a portion of the callable maturities of the 2013A Bonds and the 2015 Bonds (together, the “Refunded Bonds”) and (2) pay the costs of issuing the Bonds; and

WHEREAS, the Board has determined to issue the 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 a Series Indenture, Number 14 (the “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 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”); and

WHEREAS, Wells Fargo Bank, N.A. and co-managers (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

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;
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 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 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 Bonds under the General Indenture and the Series Indenture in an aggregate principal amount not to exceed \$147,000,000 to pay the costs of refunding the Refunded Bonds and the costs of issuance of the Bonds related thereto.

The Bonds may be issued in one or more series of taxable bonds for any or all of the purposes set forth herein, as the Senior Vice President for Finance and Administration and Chief Financial Officer of the UNC System (the “SVP-Finance”) or her designee, in consultation with the appropriate officers at UNC Charlotte, determine to be in UNC Charlotte’s best interest to achieve the goals set forth herein.

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 Charlotte to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board authorizes the Vice Chancellor for Business Affairs of UNC Charlotte to select any 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 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. **Authorization of Purchase Agreement.** That the Chairman of the Board, the President of the UNC System, and the SVP-Finance, individually or collectively, be and hereby are each authorized, empowered, and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement, 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 Purchase Agreement as executed.

Section 6. **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 President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and 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 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 Preliminary Official Statement and the Official Statement by the Underwriters in connection with the sale of the Bonds to investors is hereby authorized, approved, and confirmed.

Section 9. **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 and otherwise contemplated by this Resolution. 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 Finance and Operations at UNC Charlotte, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents and take such actions as may be necessary to the issuance and on-going administration of the Bonds and otherwise contemplated by this Resolution on behalf of UNC Charlotte.

Section 10. **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.

APPENDIX C

Section 11. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 16th day of September 2021.