

## **Sale of Special Obligation Bonds – Appalachian 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.

Appalachian State University requests that the Board issue special obligation bonds (the “2022 Bonds”) in an amount not to exceed \$20 million, plus an additional amount not to exceed five percent of such principal amount, to finance the construction of the Holmes Convocation Center Parking Deck (the “Project”) on Appalachian’s campus and pay costs incurred in connection with the issuance of the 2022 Bonds. The General Assembly authorized the Project under S.L. 2022-15. The expected cost of funds of the 2022 Bonds is approximately 4.60 percent.

Appalachian intends to execute a reimbursement resolution to be reimbursed for actual capital expenditures incurred related to the design of the project and other non-construction project costs.

The 2022 Bonds will be issued on a tax-exempt basis and sold in the public market. Appalachian is evaluating whether to sell the 2022 Bonds on a negotiated or a competitive basis. If Appalachian chooses to sell the 2022 Bonds on a negotiated basis, it will select an underwriter through a competitive Request for Proposal process.

Appalachian currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service. Appalachian is not currently rated by Standard and Poor’s Global Ratings or by Fitch Ratings. This transaction is expected to have no impact on Appalachian’s credit rating.

McGuireWoods 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 FUND SPECIAL OBLIGATION BOND PROJECTS  
FOR APPALACHIAN 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, Appalachian State University has requested the Board to issue special obligation bonds, the proceeds of which are to be used by Appalachian for the construction of the Holmes Convocation Center Parking Deck as authorized by S.L. 2022-15 of the 2022 Session Laws of the North Carolina General Assembly (the “Special Obligation Project”); and

WHEREAS, the Board has determined to issue Appalachian State University General Revenue Bonds, Series 2022 (with appropriate designations and series designations) in one or more series (the “2022 Bonds”) in an aggregate principal amount not to exceed \$20,000,000, plus an additional amount not to exceed five percent of such principal amount, to pay all or a portion of the costs of the Special Obligation Bond Project and to pay the costs incurred in connection with the issuance of the 2022 Bonds; and

WHEREAS, the Board has determined to issue the 2022 Bonds under the General Trust Indenture, dated as of May 1, 2003 (the “General Indenture”), between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), and Series Indenture, Number 19, to be dated as of the first day of the month in which the 2022 Bonds are issued (the “Nineteenth Series Indenture” and, together with the General Indenture, the “Indentures”), between the Board and the Trustee; and

WHEREAS, the 2022 Bonds and other obligations issued under the General Indenture are payable solely from “Available Funds” as defined in the General Indenture; and

WHEREAS, the 2022 Bonds will either be sold on a competitive basis, or will be sold on a negotiated basis through an underwriter selected by Appalachian State University through a competitive bidding process; 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 Nineteenth Series Indenture;
2. the form of the 2022 Bonds, as set forth in the Nineteenth Series Indenture; and
3. the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the 2022 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “Official Statement”), relating to the 2022 Bonds.

WHEREAS, the issuance of the 2022 Bonds does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State to levy or to pledge any taxes

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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 System as follows:

Section 1. Sufficiency of Available Funds. The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2022 Bonds.

Section 2. Authorization of Bonds. The Board hereby authorizes and approves the issuance of the 2022 Bonds under the General Indenture and the Nineteenth Series Indenture in an aggregate principal amount not to exceed \$20,000,000, plus an additional amount not to exceed five percent of such principal amount, to pay the costs of the Special Obligation Project and to pay the costs incurred in connection with the issuance of the 2022 Bonds. The 2022 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 Administration and CFO of the UNC System, or his designee, in consultation with the appropriate officers at Appalachian State University, determine to be in the best interest of the UNC System and Appalachian.

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 2022 Bonds (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 General Indenture and the Board Documents as executed.

Section 4. Authorization of Preliminary Official Statement and Official Statement. 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 and the Official Statement in connection with the marketing and sale of the 2022 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System are hereby authorized, empowered and directed to execute and deliver the Preliminary Official Statement and the Official Statement for and on behalf of the Board, in connection with the sale of the 2022 Bonds 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 the President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System may deem necessary, desirable or appropriate. The use of such Preliminary Official Statement and Official Statement by the Underwriter in connection with the sale of the 2022 Bonds to investors is hereby authorized, approved and confirmed.

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Section 5. 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 2022 Bonds, including a bond purchase agreement that sets forth the final terms of the 2022 Bonds as sold. 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 2022 Bonds. 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 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.

**SECRETARY'S CERTIFICATE  
OF AUTHENTICATION**

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its meeting on July 20, 2022 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on July 20, 2022 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 20, 2022, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this \_\_\_\_ day of July, 2022.

[SEAL]

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Associate Vice President and Secretary of the University  
of North Carolina System