

## **Sale of Special Obligation Bonds – Appalachian State University**

### **ISSUE OVERVIEW**

The University of North Carolina Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the North Carolina 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 Appalachian State University (“Appalachian”) requests that the Board issue special obligation bonds (the “2023 Bond”) in an amount not to exceed \$10 million plus an additional amount not to exceed five percent of such principal amount to finance the construction of App 105 Phase 3 – Women's Softball and Indoor Tennis project (the “Project”) and pay costs incurred in connection with the issuance of the 2023 Bond. The General Assembly authorized the Project under S.L. 2023-66. The expected cost of funds for the 2023 Bond is approximately 3.95 percent.

The 2023 Bond will be issued on a tax-exempt basis and directly placed with DNT Asset Trust, a wholly owned subsidiary of JP Morgan Chase Bank, N.A., which was selected through a competitive RFP process.

Appalachian has an issuer credit rating of “Aa3” with a stable outlook from Moody’s Investors Service. Appalachian is currently not rated by Standard and Poor’s and 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, as amended, 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 (“Appalachian”) has requested the Board to issue special obligation bonds, the proceeds of which are to be used by Appalachian for the construction of new indoor and outdoor tennis courts and a new softball field located on the 75-acre parcel on Highway 105 known as the “Appalachian 105” property as authorized by S.L. 2023-66 of the 2023 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 2023 (with appropriate designations and series designations) in one or more series (the “2023 Bonds”) in an aggregate principal amount not to exceed \$10,000,000, 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 2023 Bonds; and

**WHEREAS**, the Board has determined to issue the 2023 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 20, to be dated as of the first day of the month in which the 2023 Bonds are issued (the “Twentieth Series Indenture” and, together with the General Indenture, the “Indentures”), between the Board and the Trustee; and

**WHEREAS**, through a request for proposals process, DNT Asset Trust (the “Purchaser”) has been selected to purchase the 2023 Bond; and

**WHEREAS**, the 2023 Bond and other obligations issued under the General Indenture are payable solely from “Available Funds” as defined in the General Indenture; 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 Twentieth Series Indenture; and
2. the form of the 2023 Bond, as set forth in the Twentieth Series Indenture;

**WHEREAS**, the issuance of the 2023 Bond 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 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 University of North Carolina Board of Governors 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 2023 Bond.

Section 2. **Authorization of Bonds.** The Board hereby authorizes and approves the issuance of the 2023 Bond under the General Indenture and the Twentieth Series Indenture in an aggregate principal amount not to exceed \$10,000,000, 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 2023 Bond. The 2023 Bond may be issued in one or more series of bonds on a tax-exempt basis, 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 their designee, in consultation with the appropriate officers at Appalachian, 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 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 Officers may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2023 Bond (including, but not limited to, the setting of interest rates, whether fixed rates 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. **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 2023 Bond and the financing of the Special Obligation Project. The 2023 Bond may be sold to the Purchaser in a private placement, and the foregoing officers are hereby authorized, empowered and directed to execute and deliver such documents, instruments and certificates as may be required to effect the sale of the 2023 Bond to the Purchaser. 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 2023 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.

*PASSED, ADOPTED, AND APPROVED* this 14th day of September 2023.

## SECRETARY'S CERTIFICATE OF AUTHENTICATION

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

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 University of North Carolina Board of Governors (the "Board") at its regular meeting on September 14, 2023, and appearing in the minutes of such meeting, (2) notice of the meeting of the Board held on September 14, 2023 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 14, 2023, at which time the foregoing Resolution was adopted.

**WITNESS**, my hand and the seal of The University of North Carolina this \_\_\_\_ day of \_\_\_\_\_, 2023.

[SEAL]

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