

APPENDIX D

Authorized Use of Special Obligation Bonds “Commercial Paper” – NC 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 an institution when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

The Board of Governors previously issued the NC State University General Revenue Bond, Series 2002A (the “Commercial Paper”) to establish a commercial paper program to provide interim financing for certain projects for the North Carolina State University (“NC State”) that have been previously approved by the Board of Governors and the General Assembly. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings.

NC State requests permission from the Board of Governors to finance under its commercial paper program all or a portion of the costs of the acquisition and renovations previously approved by the Board and authorized by the General Assembly under S.L. 2023-66.

NC State requests authorization to fund Commercial Paper in an aggregate principal amount not to exceed \$52 million for the purposes of (1) financing \$29.6 million for the acquisition of University Towers and (2) financing up to \$22.4 million for renovations.

NC State currently has an issuer credit rating of “Aa1” with a stable outlook by Moody’s Investor Service and an issuer credit rating of “AA” with a stable outlook by Standard & Poor’s Global Ratings. NC State is currently not rated by Fitch Ratings. The transaction is expected to have no impact on NC State’s credit ratings.

Parker Poe is bond counsel, and First Tryon Advisors is the financial advisor.

RECOMMENDATION

It is recommended that the president of the University, or his designee, be authorized to utilize Commercial Paper to finance the previously approved projects through the attached resolution.

**RESOLUTION OF THE UNIVERSITY OF NORTH CAROLINA BOARD OF
GOVERNORS AUTHORIZING SPECIAL OBLIGATION BOND PROJECTS FOR
NC STATE UNIVERSITY**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, The University of North Carolina Board of Governors (the "*Board*") is vested with general control and supervision of the constituent institutions of the University of North Carolina System (the "*UNC System*"); and

WHEREAS, the Board is authorized by Chapter 116D of the General Statutes of North Carolina to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation bond project and refunding bonds for the purpose of refunding any bonds by the Board under the Article or under any Article of Chapter 116 of the General Statutes, 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 Board has previously issued the University of North Carolina System Commercial Paper Bonds (UNC-Chapel Hill/NC State) (the "*Commercial Paper*"), proceeds of which are available to North Carolina State University at Raleigh ("*NC State*") in order to finance the costs of certain projects on the campus of NC State;

WHEREAS, the Board has determined to add to the list of projects eligible to be financed with the proceeds of the Commercial Paper and any other special obligation bonds (collectively, the "*Bonds*") issued by the Board on behalf of NC State, the projects approved by the North Carolina General Assembly in S.L. 2023-66, AN ACT TO AUTHORIZE THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND OR THE STATE CAPITAL AND INFRASTRUCTURE FUND, OF CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND TO AUTHORIZE THE TRANSFER OF PERSONAL PROPERTY BETWEEN CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA, and listed in Exhibit A to this resolution (collectively, the "*Special Obligation Bond Projects*"); and

WHEREAS, under the General Trust Indenture dated as of October 1, 2001 (the "*NC State General Indenture*") between the Board and U.S. Bank National Association, as successor trustee, special obligation bonds issued under the NC State General Indenture are payable solely from any funds of NC State or the Board in each Fiscal Year remaining after satisfying obligations of NC State or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the NC State General Indenture with respect to NC State, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by NC State 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 NC State General Indenture) and (5) funds restricted by law (the "*NC State Available Funds*");

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

Section 1. ***Authorization of Special Obligation Bonds Projects.*** That the Board hereby approves and ratifies the use of the proceeds of the Bonds for the Special Obligation Bond Projects listed in Exhibit A to this resolution and the costs of issuance related to the Bonds.

Section 2. ***Sufficiency of Available Funds.*** That the Board hereby finds that sufficient NC State Available Funds are available to pay the principal of and interest on the Bonds attributable to NC State and to provide for the maintenance and operation of the facilities at NC State to the extent required under the NC State General Indenture.

Section 3. ***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 4. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 16th day of November, 2023.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF WAKE

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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 at its meeting on November 16, 2023 and appearing in the minutes of such meeting, (2) notice of the meeting of The University of North Carolina Board of Governors held on November 16, 2023 was sent to each member of the Board, and (3) a quorum was present at the meeting on November 16, 2023 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2023.

[SEAL]

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

EXHIBIT A

NC STATE PROJECTS

The following projects at NC State approved by the North Carolina General Assembly in S.L. 2023-66, AN ACT TO AUTHORIZE THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND OR THE STATE CAPITAL AND INFRASTRUCTURE FUND, OF CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND TO AUTHORIZE THE TRANSFER OF PERSONAL PROPERTY BETWEEN CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA, are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by The University of North Carolina Board of Governors on behalf of NC State:

University Towers - Acquisition and Renovation (\$52,000,000)