



Dale R. Folwell, CPA

North Carolina Capital Facilities Finance Agency Agenda
June 6, 2023 at 1:00 PM
PRELIMINARY AGENDA

1. Pledge of Allegiance / Salute to the North Carolina Flag
2. Conflict of Interest Statement
3. March 7, 2023 Minutes for Approval
4. Agenda Item:
 - a. Elon University
 - i. bank placement revenue bonds for construction of East Neighborhood Commons and the expansion of the Gerald L. Francis Center for the School of Health Sciences
 - ii. Amount not to exceed: \$37,500,000.00
 - iii. Details on attached NCCFFA Staff Analysis
 - b. Cannon School (miscellaneous non-action item)
 - i. Series 2002 Revenue Bonds: migration from LIBOR to Equivalent Index
5. Other Business
6. Adjourn Meeting

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

LGC Staff Analysis For:	Elon University
Amount Not to Exceed	\$ 37,500,000
NCCFFA Item	<input checked="" type="checkbox"/> Yes
Description	<p>Elon University ("EU") is a private, not-for-profit entity founded in 1889 located in Elon, North Carolina. The university is governed by a Board of Trustees, ranging from 36 to 40 trustees, including the president, an ex officio member.</p> <p>Elon University Mission states: "...[EU] embraces its founders' vision of an academic community that transforms mind, body, and spirit and encourages freedom of thought and liberty of conscience..." In February 2020, EU launched its ten-year strategic plan, "Boldy Elon" (see https://www.elon.edu/u/administration/president/boldly-elon/) which includes projects in its five-year capital plan – for which EU seeks financing approval. As of February 2023, EU serves approximately 6,000 undergraduate and 800 graduate students.</p> <p>Proposed Projects:</p> <p>The design, construction, and equipping of the East Neighborhood Commons to provide additional residential, housing administration, and community gathering space as an expansion to EU's existing three residence halls. Specifically, the project will add 90 residential beds; three apartments for live-in faculty and staff; workspace for neighborhood administrative staff; and 3,500 square feet of community gathering space.</p> <p>The design, renovation, and equipping of space in the Gerald L. Francis Center to provide (1) space for classroom, instruction, laboratory, and study and (2) related facilities for Elon University's School of Health Sciences nursing program. Specifically, the project will encompass the expansion of an additional 9,800 square feet and renovation of existing 8,000 square feet.</p> <p>Related parking, landscape, sidewalks, fixtures and equipment.</p> <p>Miscellaneous smaller capital improvements throughout main campus.</p> <p>Utility providers:</p> <p>Gas: Piedmont Natural Gas Electric: Duke Energy Water/Sewer: Town of Elon</p> <p>Building contractor(s):</p> <p>East Neighborhood Commons: New Atlantic Francis Center Phase 3: Davie Construction Francis Center Phase 4: TBD (most likely Davie)</p> <p>Building permits:</p> <p>Alamance County Inspections - Completed 03/27/2023 NC DEQ (Energy, Mineral and Land Use) - Completed 4/12/2023</p> <p>Proposed financing:</p> <p>Private bank placement with TD Bank, N.A. Not-to-exceed amount: \$37,500,000.00 Interest rate: fixed rate (TBD prior to closing) Capitalized interest: 18 months (through December 2024) Bank commitment: 10 years (through June 2033) Principal amortization: annually from 01/01/25 through 01/01/43 Security: general unsecured obligation on parity with other debt obligations under 2012 Master Trust Indenture Anticipated close: June 2023 Pursuant to NCGS 159D</p>



Elon University																																		
Financing Details	<p>Financial capability:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 30%; text-align: center;">Audited (05/31/22)</th> <th style="width: 30%; text-align: center;">Unaudited (02/28/23)</th> </tr> </thead> <tbody> <tr> <td>Total Cash</td> <td style="text-align: right;">\$48,676,833</td> <td style="text-align: right;">\$112,464,823</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">\$1,077,733,252</td> <td style="text-align: right;">\$1,135,658,434</td> </tr> <tr> <td>Total Liabilities</td> <td style="text-align: right;">\$271,588,913</td> <td style="text-align: right;">\$243,121,650</td> </tr> <tr> <td>Total Net Assets</td> <td style="text-align: right;">\$806,144,339</td> <td style="text-align: right;">\$892,536,784</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">debt service coverage ratio</th> <th style="width: 35%; text-align: center;">total debt service</th> </tr> </thead> <tbody> <tr> <td>Projected</td> <td></td> <td></td> </tr> <tr> <td>FYE 05/31/24</td> <td style="text-align: center;">1.96</td> <td style="text-align: right;">\$20,967,760</td> </tr> <tr> <td>FYE 05/31/25</td> <td style="text-align: center;">2.01</td> <td style="text-align: right;">\$22,141,096</td> </tr> <tr> <td>FYE 05/31/26</td> <td style="text-align: center;">1.94</td> <td style="text-align: right;">\$26,640,354</td> </tr> <tr> <td>FYE 05/31/27</td> <td style="text-align: center;">1.51</td> <td style="text-align: right;">\$26,586,898</td> </tr> </tbody> </table> <p>Manner of financing: Bank placement revenue Bonds (Series 2023) with TD Bank, N.A. General (unsecured obligation) Coverage forecasts greater than 1.5X through FY 2027 Total Assets \$1,135,658,434 (2/28/2023 unaudited) Total Liabilities \$243,121,650 (2/28/2023 unaudited) Endowment \$323,051,235 (12/31/2022)</p> <p>Financing Team: Bond counsel: Womble Bond Dickinson (US) LLP Borrower's counsel: Fox Rothschild LLP Bank counsel: Parker Poe Adams & Bernstein LLP Bank provider: TD Bank, N.A. Financial Advisor: Janney Montgomery Scott LLC</p> <p>Approvals (NCCFFA & LGC): Not to exceed: \$37,500,000.00 Final maturity not to exceed 2043 Initial interest rate not to exceed 6%</p>		Audited (05/31/22)	Unaudited (02/28/23)	Total Cash	\$48,676,833	\$112,464,823	Total Assets	\$1,077,733,252	\$1,135,658,434	Total Liabilities	\$271,588,913	\$243,121,650	Total Net Assets	\$806,144,339	\$892,536,784		debt service coverage ratio	total debt service	Projected			FYE 05/31/24	1.96	\$20,967,760	FYE 05/31/25	2.01	\$22,141,096	FYE 05/31/26	1.94	\$26,640,354	FYE 05/31/27	1.51	\$26,586,898
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LGC Staff Analysis For:	Cannon School migration to Equivalent Index (Misc Non-Action Item)
Amount Not to Exceed	
NCCFFA Item	<input checked="" type="checkbox"/> Yes
Description	<p>Background on the LIBOR Index and Replacement Requirements</p> <p>The US Dollar (USD) London Interbank Offered Rate (LIBOR) will be replaced by the Secured Overnight Financing Rate (SOFR) as a primary benchmark index. Financings tied to the LIBOR index are required to transition to an alternative equivalent rate formula based on a non-LIBOR index or formula. This transition must be completed by June 30, 2023. Previously LIBOR was used as an index to calculate financing interest rates in many variable financing agreements and for most interest rate swaps.</p> <p>SOFR (Secured Overnight Financing Rate) is the recommended, not required, new benchmark to replace LIBOR, with banks also permitted to select their own new benchmarks.</p> <p>Cannon Schools transition away from LIBOR to equivalent Index (SOFR) Proposed Transitions:</p> <p>Cannon School 2002 Revenue Bonds, Original Par \$11,000,000, Truist Bank</p> <p>Original rate formula: $0.65 \times (67\% \times (1 \text{ month LIBOR} + 150 \text{ basis points}))$</p> <p>New replacement: $81\% \times (\text{Compound Daily SOFR} + 11.448 \text{ bps} + 150 \text{ basis points})$ effective July 1, 2023</p> <p>Financing Team:</p> <p>Bond Counsel: Parker Poe Bank: Truist Bank (no change)</p> <p>Expected closing date: Before June 30, 2023</p> <p>Approvals:</p> <p>- Require completion prior to the June 30, 2023 LIBOR transition deadline.</p>