
NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: SUBSEQUENT EVENTS

Primary Government*Sale of Dorothea Dix Land*

On July 24, 2015, the Dorothea Dix property sale was completed between the State of North Carolina and the City of Raleigh for \$52 million. The land proceeds were deposited in the General Fund. The funds will be used to increase the availability of short-term behavioral health patient services around the State and to increase inpatient bed capacity for short-term care of individuals experiencing an acute mental health, substance abuse, or development disability crisis. The North Carolina Department of Health and Human Services (DHHS) will lease from the city the office buildings on the 308 acre property that are still being utilized by the DHHS staff through a \$1-a-year lease back to the State for up to 25 years.

Component Units*University of North Carolina System – University of North Carolina at Chapel Hill – Commercial Paper*

On November 19, 2015, the Board of Governors of the University of North Carolina, on behalf of the University of North Carolina at Chapel Hill, issued \$100 million through the commercial paper financial program at an interest rate of 0.06%. The proceeds funded a redemption of the entire series of General Revenue 2012A Bonds on November 20, 2015.

University of North Carolina System – North Carolina State University – Variable Rate General Revenue Refunding Bonds

On November 18, 2015, North Carolina State University issued \$64.46 million in variable rate General Revenue Refunding Bonds, Series 2015 with a variable interest rate of 68% of one-month London Interbank Offered Rate (LIBOR) plus 0.49%. The bonds will mature October 1, 2028 with interest payable monthly. The bonds were issued for a current refunding of \$64.46 million of outstanding variable rate General Revenue Bonds, Series 2008A with a variable interest rate of Securities Industry and Financial Markets Association (SIFMA). The refunding was undertaken to reduce rollover risk by eliminating the standby credit provider with a commitment by the purchaser for the remainder of the bond term.

University of North Carolina System – East Carolina University – General Revenue Bonds and Taxable General Revenue Bonds

On July 23, 2015, East Carolina University sold \$66.25 million in Series 2015A General Revenue Bonds and \$5.42 million in Series 2015B taxable General Revenue Bonds. These bonds will be dated July 23, 2015 and will bear interest from that date. Interest will be payable semiannually on each April 1 and October 1, and commenced on October 1, 2015. The bonds mature from October 1, 2015 to October 1, 2044 and were issued at coupon rates ranging from 3% to 5%. The Series 2015 General Revenue bonds was issued to advance refund \$38.73 million of outstanding Series 2006A and Series 2009A bonds with an average interest rate of 5.01%; to fund the construction of the West Facility Student Union; and to pay the costs of the bond issuance. The net proceeds of the refunding bonds along with prior funds on hand of \$601 thousand were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability was removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments by \$3.22 million over the next 20 years and resulted in an economic gain of \$1.81 million.

University of North Carolina System – North Carolina Agricultural and Technical State University – General Revenue Bonds and Taxable General Revenue Bonds

On November 24, 2015, the North Carolina Agricultural and Technical State University sold \$76.98 million in Series 2015A General Revenue Bonds (Series 2015A) and \$10.74 million taxable General Revenue Bonds, Series 2015B (Series 2015B). These bonds are dated November 24, 2015 and bear interest from that date. Interest on the bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2016. The Series 2015A bonds include both serial and term bonds. The serial bonds will mature from October 1, 2017 to October 1, 2035 and were issued at coupon rates ranging from 2% to 5%. The term bonds will mature on October 1, 2040 and October 1, 2045 and were issued at coupon rates of 5% and 4%, respectively. The Series

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2015B bonds will mature from October 1, 2016 to October 1, 2022 and were issued at coupon rates ranging from 0.8% to 3.17%. The bonds were issued to fund the construction of a new student center facility, refund \$5 million in bond anticipation notes, refund \$4.87 million of the University of North Carolina System Pool Revenue Bonds, Series 2006B, and pay the costs of bond issuance.

University of North Carolina System – Western Carolina University – General Revenue Bonds and Revenue Refunding Bonds and Taxable General Revenue Refunding Bonds

On November 19, 2015, the Western Carolina University sold \$36.97 million in Series 2015A General Revenue and Revenue Refunding Bonds (Series 2015A) and \$7.43 million in Series 2015B taxable General Revenue Refunding Bonds (Series 2015B). These bonds are dated November 19, 2015 and bear interest from that date. Interest on the bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2016. The Series 2015A bonds include both serial and term bonds. The serial bonds will mature from October 1, 2016 to October 1, 2031 and were issued at coupon rates ranging from 3% to 5%. The term bonds will mature on October 1, 2033, October 1, 2039 and October 1, 2045 and were issued at coupon rates of 3.38%, 4% and 5%, respectively. The Series 2015B bonds will mature from October 1, 2016 to October 1, 2026 and were issued at coupon rates ranging from 0.8% to 3.6%.

The bonds were issued to finance the renovation, construction, equipping and furnishing of the Brown Building, which will house food services, dining, and residential living administrative offices; current refund \$2.44 million of outstanding UNC System Pool Revenue Bonds, Series 2003A with an average interest rate of 4.75%; advance refund \$7.05 million of outstanding UNC System taxable Pool Revenue Bonds, Series 2006A with an average interest rate of 4.92%; advance refund \$15.96 million of outstanding UNC System Pool Revenue Bonds, Series 2008A with an average interest rate of 4.85%; and pay certain costs incurred with the issuance of the bonds. The net proceeds of the advance refunding bonds were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments by \$2.65 million over the next 8.33 years and resulted in an economic gain of \$2.06 million.