

Additional Information from the Educational Foundation, Inc. Regarding the Proposal

Federal tax law requires that tax-exempt bonds issued to finance facilities for a 501(c)(3) organization be approved, among others, by the elected legislative body of the governmental unit that has jurisdiction over the area in which the facilities are located after holding a public hearing (Internal Revenue Code Section 147(f)). The Act requires bonds issued to finance or refinance facilities for a 501(c)(3) organization be approved by the governing body or highest-ranking executive or administrator of the governmental unit that has jurisdiction over the area in which the facilities are located. The facilities being financed and refinanced with the Bonds are located in the Town.

The facilities being financed and refinanced are within the jurisdiction of the Town and the Town Council is the governing body of the Town. The Authority, at the request of the Borrower, proposes to issue its Educational Facilities Revenue Bonds (The Educational Foundation, Inc.), Series 2019 in a principal amount not to exceed \$98,000,000 (the "Bonds") to finance and refinance (i) renovations to the locker rooms at the Dean Smith Center, (ii) the construction and equipping of a new indoor practice field, (iii) the construction and equipping of a new field hockey stadium, (iv) the construction and renovation of a new soccer and lacrosse stadium, (v) the construction and equipping of a track complex and various athletic fields, and (vi) the installation of synthetic turf borders and resodding of natural grass turf at Kenan Stadium (collectively, the "Project"). The Authority and the Borrower have requested the Town to approve the issuance of the Bonds for purposes of Section 147(f) of the Code and the Act.

The Bonds are expected to be issued in the first quarter of 2019, and are expected to be purchased by Branch Banking and Trust Company. The Borrower will agree to repay the principal, premium, if any, and interest on the Bonds. **Neither the Authority nor the Town will have any liability whatsoever for the payment of principal or interest on the Bonds, and the Bonds will not affect the Town's debt ratios or legal debt limit. The approval resolution explicitly states that its adoption "shall in no event constitute an endorsement of the Bonds or the Project or the creditworthiness of the Borrower."**