NC Capital Facilities Finance Agency

Debt Approvals (Attachment A)

§ 159D-40. Criteria and requirements.

(a) In undertaking any project pursuant to this Article, the agency shall be guided by and shall observe the following criteria and requirements listed below. The determination of the agency as to its compliance with these criteria and requirements is conclusive.

(1) No project shall be sold or leased nor any loan made to any participating institution that is not financially responsible and capable of fulfilling its obligations, including its obligations under an agreement of sale or lease or a loan agreement to make purchase price payments, to pay rent, to make loan repayments, to operate, repair and maintain at its own expense the project and to discharge any other responsibilities imposed under the agreement of sale or lease or loan agreement.

(2) Adequate provision shall be made for the payment of the principal of and the interest on the bonds and any necessary reserves for payment and for the operation, repair and maintenance of the project at the expense of the participating institution.

(3) The public facilities, including utilities, and public services necessary for the project will be made available.

(4) The projects shall be operated to serve and benefit the public and there shall be no discrimination against any person based on race, creed, color, or national origin.

(b) In making these determinations, the agency may consider the participating institution's experience and ratio of current assets to current liabilities; the participating institution's net worth, earnings trends, and coverage of fixed charges; the nature of the project involved; and any additional security for payment of the bonds and performance of the participating institution's obligations under the agreement of sale or lease or loan agreement, such as credit enhancement, insurance, guaranties, or property pledged to secure the payment and performance. (1985 (Reg. Sess., 1986), c. 794, s. 6; 1998-124, s. 6; 2000-179, s. 2.)

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

LGC Staff Analysis For: **NCCFFA: ALPHA ACADEMY**

Amount Not to Exceed: $36,000,000

Financing Type: Conduit Revenue Bonds

Purpose and Type: Education, School (K-12)

Project Description: Proceeds will be used to (1) expand existing facilities, including improvements to the pre-k and kindergarten area, new classrooms, bathrooms, gym, storage, and related areas, and (2) refinance existing debt, the proceeds of which were originally used to finance school improvements. The refinancing portion includes two bank notes with balloon payments due in December 2027 for $4.7M and due in August 2029 for $3.6M. Alpha Academy is located in Fayetteville, NC. The school has been in operation since 2000.

Statutory Reference: G.S. 159D – Article 2

Last Request to Borrow: N/A

Debt Management: Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward

Proposed contract or bond issue is necessary or expedient: The Agency finds the financing and refunding necessary to further the Agency's objective of assisting qualified institutions by enabling them to construct and renovate facilities for educational purposes. The enrollment for the 2025-26 school year was 1,198 students with the projected enrollment increase to 1,432 by 2031-32. The waitlist for the 2025-26 school year was 196.

Proposed amount is adequate and not excessive: GMP in hand. Costs are known and defined.

Feasibility: Projections indicate an estimated debt service coverage ratio will range from 1.71X to 3.05X between 2026 - 2032. The school has 459 days' cash on hand for 2026, with a projected average of 829 days' cash on hand for 2027 - 2032.

TEFRA Hearing Date: 7/31/2026

Terms

Lender/Purchaser/Bank: N/A
Interest Rate: See "Other"
Term: 35 years; 30 or 35-year amortization intended with possible 40-year amortization
Payment: Annual principal; semi-annual interest
Structure and Term: Level debt service
Final Maturity: NTE 12/31/2066
Other: Interest Rate: Indicative rates, assuming BBB- level rating, are 5.1%, while bonds with BB+ are 5.7%; NTE 6%. This will be a public sale scheduled for September 17, 2026.

Marketability

Moody's: N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A

Other: Expect to receive ratings by August 28.

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor	LRB Public Finance Advisors		
Underwriter/Senior	D.A. Davidson		
Lender/Purchaser/Bank			
Underwriter's Counsel	Kutak Rock		
Bond Counsel	Parker Poe		
Purchaser's Counsel			
Trustee	Truist Bank		
Trustee's Counsel			
Borrower's Counsel	Pope Flynn		
Disclosure's Counsel	Kutak Rock		

Amount Not to Exceed: $36,000,000

Sources	Amount
Par Amount of Bonds	$36,000,000
Planned Issuer Equity Contribution	$1,000,000
Total	**$37,000,000**

Uses	Amount
Deposit to Project Construction Fund	$25,355,000
Outstanding Loan	$8,300,000
Deposit to Debt Service Reserve Fund (DSRF)	$2,254,256
Original Issue Discount (OID)	$230,523
Cost of Issuance	$860,221
Total	**$37,000,000**

LGC Staff Analysis For: **NCCFFA: STERLING MONTESSORI ACADEMY AND CHARTER SCHOOL**

Amount Not to Exceed: $7,000,000

Financing Type: Conduit Revenue Bonds

Purpose and Type: Education, School (K-12)

Project Description: Proceeds will be used to (1) refinance the Series 2017 bonds, the proceeds were originally used to construct the facilities located at 202 Treybrooke Drive, Morrisville, NC; (2) finance a portion of costs to construct, equip, and furnish new facilities; and (3) pay costs related to the issuance of the bonds.

Statutory Reference: G.S. 159D – Article 2

Last Request to Borrow: NCCFFA: 2013; CONREV; $9,905,000 **|** PFA: 2017; CONREV; $8,500,000

Debt Management: Information from the Unit shows debt management procedures and policies are good, or that reasonable assurances have been given that its debt will henceforth be managed in strict compliance with law.

Proposed contract or bond issue is necessary or expedient: The Agency finds the financing and refunding necessary to further the Agency's objective in assisting qualified institutions with the construction and renovation of educational facilities. The current enrollment is 688 and is expected to increase to 744 by the 2031-32 school year. The current capacity is 748 with a waitlist of 56 students.

Proposed amount is adequate and not excessive: The refunding amount is par plus cost of issuance. Cost estimates have been received for the new money portion, and the confirmed amount will not exceed $739,622. The costs are known and defined.

Feasibility: Projections indicate an estimated debt service coverage ratio will range from 1.39X to 3.16X between 2026 through 2032. The school had 194 days cash on hand in FY 2025, exceeding the 90-day minimum required by its financial covenants.

TEFRA Hearing Date: 10/2/2026

Terms

Lender/Purchaser/Bank: Pinnacle Bank
Interest Rate: 79% of One-Month Term SOFR + 1.30%; Swap indicative fixed rate of 4.39% as of October 12, 2026.
Term: 25-year amortization; put option at 10 years
Payment: Monthly principal and interest
Structure and Term: Level principal
Final Maturity: NTE 3/18/2051
Other: N/A

Marketability

Moody's: N/A **S&P:** N/A **Fitch:** N/A **Kroll:** N/A
Other: N/A

Financing Team

Role	Name	Additional Party Role	Additional Party Name
Municipal Advisor			
Underwriter/Senior Manager			
Lender/Purchaser/Bank	Pinnacle Bank		
Underwriter's Counsel			
Bond Counsel	Hawkins Delafield & Wood LLP		
Purchaser's Counsel			
Trustee			
Trustee's Counsel			
Bank's Counsel	Parker Poe Adams & Bernstein LLP		
SWAP Advisor	KPM Financial, LLC		

Amount Not to Exceed: $7,000,000

Sources	Amount
Bond proceeds	$7,000,000
Total	**$7,000,000**

Uses	Amount
Refunding of Existing Bond	$6,120,378
New Money	$739,622
Cost of Issuance	$140,000
Total	**$7,000,000**