

APPENDIX A

Sale of Special Obligation Bonds – The University of North Carolina at Charlotte

In 2003, the General Assembly, at the request of the Board of Governors, authorized a project for the construction of a student union at The University of North Carolina at Charlotte. In 2004, 2005 and 2006, the General Assembly supplemented the authorization to reflect changes in scope and to adjust for inflation. The project, estimated to cost approximately \$65,000,000, would be financed through the issuance of special obligation bonds and an equity contribution from the University.

UNCC is now ready to proceed with the project and has requested authority to issue special obligation bonds not to exceed \$54,400,000 in par amount to provide permanent financing. The proceeds would be used to pay the cost of constructing an approximately 191,500 square foot student union on the University's campus and an approximately 4,200 square foot regional utility plant to service the facility. Proceeds would also be used to pay the costs incurred with the issuance of the bonds. The University intends to retire the debt with a debt service fee approved by the Board when the project was first authorized, and approved by the Board at its February meeting to begin collection in the Fall of 2007.

UNCC is currently rated by Moody's Investor Service as an A1 institution. UNCC's debt coverage ratio for expendable financial resources to debt will be 1.92 with the additional debt, above the A1 benchmark of 1.00 and the Aa3 ratio of 1.31, one credit rating higher. It is estimated that UNCC's additional debt capacity is conservatively estimated at \$74,000,000.

It is recommended that the Vice President for Finance be authorized to sell the special obligation bonds between the March 2007 and May 2007 meetings of the Board.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY
OF NORTH CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL
OBLIGATION BONDS TO FINANCE THE CONSTRUCTION OF A
STUDENT UNION AS A SPECIAL OBLIGATION PROJECT FOR THE
UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE.