

APPENDIX C

Authorization of Projects Funded With Special Obligation Bonds – North Carolina State University and The University of North Carolina at Chapel Hill

In October 2001, the Board authorized North Carolina State University and the University of North Carolina at Chapel Hill to implement a commercial paper program through the periodic issuance of tax-exempt commercial paper bonds.

Commercial paper is short-term, unsecured debt issued in the form of promissory notes, and presents an alternative to borrowing from banks. A commercial paper program provides the issuer access to a flexible, low cost source of capital to provide bridge financing for projects. The program was established to fund previously approved projects, up to the authorized maximum amount. The bonds are issued by the Board of Governors but are an obligation of the constituent institution secured by available funds excluding state appropriations, tuition, and restricted gifts. Funds are drawn on an as-needed basis for capital expenditures. The short-term program is repaid with proceeds from a long-term bond issue, gift receipts, or other sources. By providing continual access to capital for construction projects, North Carolina State University and UNC-Chapel Hill have not been required to issue long-term debt as frequently as in the past and have had greater flexibility over the timing of bond issues. In addition, less frequent issuance of bonds reduces the costs of issuance and achieves more attractive debt service costs. Tax-exempt commercial paper rates are often several percentage points lower than commercial bank loans.

North Carolina State University and the University of North Carolina at Chapel Hill request that the Board approve and ratify the use of proceeds of special obligation bonds for participation in the Commercial Paper Program for the following projects, approved by the 2005 Session of the General Assembly:

NC STATE PROJECTS

Parking Facilities – Expansion (\$7,500,000)
Thompson Theater – Renovation and Expansion (\$15,500,000)
Residence Halls – Renovation (\$20,550,000)
Owen Residence Hall – Expansion and Improvements (\$3,700,000)
Carter Finley Stadium – Expansion (\$14,500,000)
Chancellor's Residence (\$3,350,000)
Classroom Building – Expansion – Supplement (\$10,000,000)

UNC AT CHAPEL HILL PROJECTS

Parking Facilities – Expansion (\$25,000,000)
 Craig Deck Expansion
Residence Halls – Improvements(\$5,500,000)
Information Technology Services (ITS) – Infrastructure Improvements (\$13,000,000)
Water Reclamation and Reuse Infrastructure (\$15,000,000)
Major Infrastructure Improvements (\$47,522,000)
 Cameron Station Transformers and Switchgear Improvements
 Cogen Wastewater Discharge Issue Resolution
 Cogeneration Storage Building
 East Campus Ductbank
 Electric Distribution Control System Upgrade
 Emergency Generator Black Start
 Joint Use Ductbanks
 North Chiller Plant
 SCADA Phase 1&2A
 South Plant Chiller Replacements
 South Sub Tie to Manning Sub
 Upgrade Distribution 75 to 150 PSIG
 100kv Circuit Additions and Improvements
 15kv Main Cables Replacement Upgrade
Research Resource Facility (\$1,000,000)
Medical Research – D – Renovations (\$1,000,000)

It is recommended that the following Resolution be adopted and that the Vice President for Finance be authorized to use commercial paper bonds for the projects listed.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING THE USE OF COMMERCIAL PAPER FINANCING FOR SPECIAL OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND NORTH CAROLINA STATE UNIVERSITY AT RALEIGH