

## APPENDIX C

### Sale of Special Obligation Bonds – The University of North Carolina at Chapel Hill

The Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition and State appropriations.

The University of North Carolina at Chapel Hill requests that the Board issue special obligation bonds for the purpose of financing (1) the refunding of indebtedness issued consistent with the UNC-CH/NCSU Commercial Paper Program, the proceeds of which were used to pay a portion of the costs of the 2005 projects as listed below; (2) the costs of acquiring, constructing, and equipping capital improvement projects previously approved by the Board of Governors and the North Carolina General Assembly as listed below; (3) the refunding in advance of their maturities of additional revenue bonds issued for the benefit of the University when net present value savings to the University are achieved as explained below; (4) capitalizing interest on a portion of the 2005 Bonds; and (5) providing for the costs incurred in connection with the issuance of the 2005 Bonds. The size of the bond issue is being finalized. The issuance of bonds for new projects previously approved by the Board and the General Assembly is expected to total between \$385 million and \$400 million. These bonds include amounts needed to refund indebtedness consistent with the UNC-CH/NCSU Commercial Paper program. The issuance of bonds for refunding previous issues is expected to total between \$37 million and \$124 million, depending on projected savings.

The 2005 bonds will be issued for the following projects:

<u>Projects to be Funded from 2005 Bonds</u>	<u>Not to exceed Amount</u>
Burnett Womack Building	\$ 7,395,000
Cobb Residence Hall – Renovation	9,884,000
Renovations to Connor, Winston, and Alexander Residence Halls	10,000,000
Student Family Housing	49,000,000
Ramshead Complex for Parking and Student Support	56,800,000
Parking Facilities (Jackson Circle Parking Deck)	17,000,000
Parking Facilities (North East Parking Deck)	19,200,000
Public Health Teaching and Research Center	25,598,300
Residence College, Phase II	67,000,000
Science Complex - Phase I	26,891,500
Addition to Carrington Hall - School of Nursing	7,904,000
Major Infrastructure Improvements	119,044,000
Carmichael Fields # 2 and # 4	1,200,000
School of Medicine Research Facilities (Genetic Medicine)	110,700,000

The University plans to issue refunding bonds when it is anticipated it will achieve net present value savings of at least 2.0%. Potential refunding bonds include Parking System Revenue Bonds, Series 1997A, Housing System Revenue Bonds, Series 1997A, Student Fee Revenue Bonds (Student Union Center), Series 2000, and General Revenue Bonds, Series 2001A.

It is recommended that the following Resolution be adopted and that the Vice President for Finance be authorized to sell the special obligation bonds between the August 2005 and October 2005 meetings of the Board.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE  
UNIVERSITY OF NORTH CAROLINA AUTHORIZING THE  
ISSUANCE OF SPECIAL OBLIGATION BONDS TO FUND  
THE SPECIAL OBLIGATION BOND PROJECT FOR THE  
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL