

APPENDIX E

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 2004 Session of the General Assembly:

UNC AT CHAPEL HILL PROJECTS

The following projects were approved by the North Carolina General Assembly in Chapter 181 of the 2004 Session Laws:

- Ambulatory Care Renovation
- Arthritis Research Center
- Athletic Facilities Improvements
- Campus Fiber Optic Wiring
- Carmichael Fields 3 & 4
- Daniels Building Renovations
- Educational Foundation Office Building
- Institute for Advance Materials, Nanoscience & Nanotechnology
- ITS Building
- Major Infrastructure Improvements
 - Airport Drive Chilled Water
 - Airport Road Ductbank
 - Chilled Water & Steam Metering
 - Chilled Water Phase IV
 - East Campus Ductbank
 - Energy Management and Control Services Building
 - Hot Water Phase II
 - Mason Farm Electrical Ductbank
 - New Southwest Sanitary Sewer Line
 - Northeast Chiller Plant
 - Steam Phase II
 - Substation Upgrades
 - 20" Steam Line – Carolina Inn to Beard
- Morrison Dorm Renovations
- Parking Facilities
 - Global Parking Deck
 - Jackson Circle Parking Deck
- Residence Halls Phase II
- School of Medicine Research Facilities – Addition

NC STATE PROJECTS

The following projects were approved by the North Carolina General Assembly in Chapter 181 of the 2004 Session Laws:

- Dining Hall Renovations
- Renovation of Berry, Becton, and Bagwell Residence Halls
- Renovations to Reynolds Coliseum
- Student Commons Improvements

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**