

APPENDIX A

Authorization of the Sale of Pooled Revenue Bonds

In November 1998, the Board approved the first issuance of pooled bonds to provide long-term financing for multiple campuses at one time in lieu of individual institutional issues. A pooled issue presents an attractive offering for investors often resulting in lower interest rates and improved bond insurance rates. Additionally, the fixed costs of issuing bonds are spread among all participants resulting in savings for individual institutions through economies of scale. The Board also approved the issuance of pooled bonds in 2000, 2002, 2003, and in the winter of 2004. Since the last issue, East Carolina University and the University of North Carolina at Greensboro have asked to be included in the sixth pooled issue to finance 8 projects previously approved by the Board of Governors. Bond proceeds would be used by ECU to make improvements to Dowdy-Ficklen Stadium. The debt would be repaid from athletic receipts. ECU would also construct College Hill Residence Halls, Phase I and the bonds would be retired from housing receipts. At UNCG, bond proceeds would be used to fund three projects to repair and renovate a dining hall and two residence halls, to be repaid from dining and housing receipts. And UNCG would construct an exercise track for students and a softball complex as well as renovate the Student Health Center with the debt being repaid from the existing student facilities fee. The size of the bond issue is now being finalized and is anticipated to be between \$50 million and \$55 million.

The Board of Governors would issue the bonds and then make a “loan” to each institution participating in the pool. The bonds would be outstanding for a maximum of 30 years. The University has been assisted in drafting the bond documents by the legal firms of Parker Poe Adams & Bernstein and Thigpen, Blue, Stephens & Fellers. Banc of America Securities, LLC and BB&T Capital Markets are providing underwriting services for the bonds. Robinson,

Bradshaw & Hinson will serve as the underwriters' counsel. The trustee will be Wachovia Bank, N.A. The bond insurance provider will be selected by a competitive process.

It is recommended that the following resolution be approved and the Vice President for Finance be authorized to sell the bonds as requested between the September 2004 and January 2005 Board of Governors' meetings.

A RESOLUTION AUTHORIZING THE ISSUANCE OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM POOL REVENUE BONDS FOR THE PURPOSE OF PAYING THE COST OF MAKING LOANS TO CONSTITUENT INSTITUTIONS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUES DERIVED FROM THE LOANS; AND APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS WITH RESPECT THERETO.