

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, State appropriations, and restricted reserves.

The University of North Carolina at Chapel Hill requests that the Board issue special obligation bonds in an amount not to exceed \$35 million for the purpose of acquiring improvements to Kenan Stadium that have been made through a lease agreement between the Educational Foundation Inc. and the State of North Carolina. The debt will be repaid with revenues specific to the project including private gifts and donations and premium seat revenues. The project was previously approved by the Board of Governors and the North Carolina General Assembly and the lease agreement was approved by the UNC-CH Board of Trustees, the Board of Governors, and the North Carolina Council of State. The 2011 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds or taxable bonds as the President of the University, or his designee, in consultation with the appropriate officers at UNC-Chapel Hill, determine to be in the best interest of the University.

UNC-CH is currently rated Aaa by Moody's Investor Service. In May of 2010, Moody's recalibrated their U.S. Municipal Ratings to its Global Scale. The recalibration resulted in UNC-CH moving up from a rating of Aa1 to Aaa, Moody's highest credit rating, and this rating continues to carry a formal "Stable" outlook. It is expected that UNC-CH would maintain its Aaa rating after issuing the bonds.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds.

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