

Authorization to Enter Into a Line of Credit Agreement – North Carolina State University

North Carolina State University is in the process of constructing two self-liquidating projects previously approved by the Board of Governors and the General Assembly - the Tally Student Center renovation and the Student Housing Complex on Centennial Campus. These projects have also been approved by the Board of Governors for participation in the joint UNC-CH/NC State Commercial Paper program to provide bridge financing until long-term bonds are issued. NC State expects to have drawn the full \$100 million allowed under the commercial paper program before issuing long-term bonds in February, 2013.

Due to uncertainty relating to federal fiscal restraints automatically imposed January 1, 2013, NC State considered it prudent to secure a line of credit that would provide sufficient liquidity to finance the continued construction of the two projects in the event that the February bond issue is delayed due to market conditions.

After reviewing competitive bids, North Carolina State University requests authority from the Board of Governors to execute a Line of Credit Agreement in an amount not to exceed \$50,000,000. It is not expected that this line of credit would be used but would be in place to provide construction funds if needed. Any draws on this line of credit would be refunded with the long-term bonds. Once the long term debt is issued, this line of credit will be cancelled.

It is recommended that the following Resolution be approved authorizing the Chief Operating Officer to validate the terms and enter into the Line of Credit.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA AUTHORIZING A LINE OF CREDIT AGREEMENT ISSUED
ON BEHALF OF NORTH CAROLINA STATE UNIVERSITY AT RALEIGH