

## APPENDIX C

### Authorization of the Sale of Pooled Revenue Bonds

In November 1998, the Board approved for the first time the issuance of pooled bonds for long-term debt for several campuses rather than 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, and in 2003. Since the Fall 2003 issue, three institutions (the University of North Carolina at Charlotte, Winston-Salem State University, and North Carolina Central University) have asked to be included in a fifth pooled issue to refund bonds previously approved and issued by the Board of Governors currently outstanding at higher interest rates. The size of the bond issue is now being finalized and is anticipated to be between \$15 million and \$20 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 up to 20 years, with the average maturity being for a period of 11 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. Lehman Brothers is providing underwriting services for the bonds. The Banks Firm will serve as the underwriters’ counsel. The trustee will be selected by a Request for Proposals process. It is planned for the bonds to be insured by Ambac Assurance Corporation.

The refunding plan for the three institutions anticipates achieving net present value savings of at least 2.0%, totaling over \$400,000.

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It is recommended that the following Resolution be adopted and that the Vice President for Finance be authorized to issue and sell bonds at such time as the net present value savings equal or exceed at least 2.0%.

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