Item 1

Sale of Special Obligation Bonds – The University of North Carolina at Charlotte

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 Charlotte requests that the Board issue special obligation bonds for the purpose of financing (1) the costs of constructing, and equipping capital improvement projects previously approved by the Board of Governors and the North Carolina General Assembly as detailed below; (2) the refunding all or a portion of prior revenue bonds issued on behalf of UNC Charlotte that result in sufficient savings to UNC Charlotte; (3) capitalizing interest on a portion of the 2009 Bonds; and (4) providing for the costs incurred in connection with the issuance of the 2009 Bonds. The 2009 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds, taxable "Build America Bonds" and other taxable bonds as the Vice President for Finance of the University, in consultation with the appropriate officers at UNC Charlotte, determine to be in the best interest of the University.

The issuance of bonds for new projects previously approved by the Board and the General Assembly will not exceed a par amount of $39,100,000. The proceeds would be used to pay the cost of constructing a parking deck adjacent to the Laurel Residence Hall to meet increased demand and to provide the next phase of planned student housing -- a 400-bed residence hall with apartment-style quarters, with some suite-style rooms. The University intends to retire the debt with parking and housing receipts.

The issuance of bonds to refund all or a portion of prior revenue bonds issued on behalf of UNC Charlotte, for interest savings, will not exceed $36,000,000. It is possible that no bonds will be refunded with this transaction.

UNCC is currently rated by Moody's Investor Service as an A1 institution. UNCC's expendable resources to debt ratio is 1.30 and its debt services to operations ratio is 3.6%, both consistent with UNCC's policy ceiling. After issuance of these bonds, UNCC's ratios will remain constant and it is expected UNCC would maintain its A1 rating.

It is recommended that the Vice President for Finance be authorized to sell the special obligation bonds between the November 2009 and the January 2010 meetings of the Board.

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 PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE