

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

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.

UNC Greensboro requests that the Board issue special obligation bonds for the purpose of financing (1) the costs of renovating seven existing residence halls known collectively as the Quad and renovating campus dining facilities; (2) the refunding of all or a portion of prior revenue bonds issued on behalf of UNC Greensboro that result in sufficient savings to UNCG; and (3) providing for the costs incurred in connection with the issuance of the 2011 Bonds. 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 UNCG determine to be in the best interest of the University.

The issuance of bonds for the projects previously approved by the Board and the General Assembly will not exceed a par amount of \$88,200,000. The bond proceeds would be used to pay the cost of renovating Cotton, Bailey, Hinshaw, Coit, Shaw, Jamison, and Gray residence halls and the dining facilities. The renovation project will include the complete interior demolition and comprehensive renovation of the seven residence halls including the addition of fire sprinklers. The improvements to the dining facility include the complete renovation of all existing electrical, HVAC, and plumbing systems and all interior spaces. These improvements will be funded from a combination of housing and dining receipts. It is important to note that the Board of Governors approved interim financing for the renovation of the Quad residence halls at

the January 2011 meeting and the university is now going to the bond market to secure long-term financing.

The issuance of bonds to refund all or a portion of prior revenue bonds issued on behalf of UNC Greensboro will not exceed \$7,000,000. It is possible that no bonds will be refunded with this transaction.

UNC Greensboro is currently rated Aa3 and A+ by Moody's Investor Service and Standard and Poor's respectively. Moody's recalibrated UNCG's credit rating up from A1 to Aa3 in May of 2010. It is expected that UNCG would maintain its Aa3/A+ credit rating after issuing the bonds.

Parker Poe is bond counsel. RBC Capital Markets is the financial advisor. Citigroup Global Markets, R.W. Baird and Co., Stephens Inc., and U.S. Bancorp Investments will serve as underwriters.

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
PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT
GREENSBORO