Authorization of the Sale of Pooled Special Obligation 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, because of its larger size, presents an attractive offering for institutional investors often resulting in lower interest rates. The pooled issue also reduces the staff time required of each individual institution by eliminating duplicative work that would be required if each institution issued its own bond series. Additionally, the fixed costs of issuing bonds are spread among all participants resulting in savings for individual institutions through economies of scale. Since the last approved pooled issue in the Spring of 2010, three institutions (East Carolina University, North Carolina A&T State University, and Western Carolina University) have asked to be included in a twelfth pooled issue to provide bonds for new construction and 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, depending on market factors, is anticipated to be as follows: Series 2011A, East Carolina University, $25,000,000; Series 2011B, Western Carolina University, $24,000,000; and Series 2011C, NC A&T State University, $4,000,000.

The bond issue is comprised of the following:

NEW CONSTRUCTION

NC A&T	Football Stadium Improvements	$ 3,250,000
WCU	Harrill Residence Hall Renovation	13,750,000

REFUNDING OF PREVIOUSLY ISSUED BONDS

ECU	2001C, 2003A, and 2004C	$ 25,000,000
NC A&T	1998B and 2000	750,000
WCU	1998B and 2003A	10,250,000

The Board of Governors would issue the bonds and then make a loan to each institution participating in the pool. The Board has been assisted in drafting the bond documents by the legal firm of Womble Carlyle Sandridge & Rice PLLC. First Southwest Company of Charlotte, North Carolina is serving as the Board's independent financial advisor. BB&T Capital Markets is serving as the senior managing underwriter and Stephens Inc. is serving as co-manager. Parker Poe Adams and Bernstein will serve as the underwriters' counsel. The trustee will be Bank of New York. It is planned that Moody's Investors Service will assign ratings to all three series of bonds and that Standard and Poor's will assign a rating to the Series 2011A Pool Revenue Bonds for East Carolina University.

While preparing for the issuance, the University will review all outstanding debt for potential savings from refunding. The refunding plan for the institutions targets an aggregate net present value savings of at least 3.0%.

It is recommended that the following Resolution be adopted and that the Vice President for Finance be authorized to issue and sell bonds between the November 2011 and January 2012 meetings of the Board of Governors, and for the refunding bonds, at such time as the net present value savings equal or exceed at least 3.0%.

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