

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 (1) financing the construction of projects approved by the General Assembly and the Board of Governors, (2) paying capitalized interest on a portion of the Bonds related to the Projects (3) refinancing of UNCC indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of UNCC that result in sufficient savings, and (4) paying the costs incurred in connection with the issuance of the 2012 Bonds. The 2012 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the President of the University, or his designee, in consultation with the appropriate officers at UNCC, 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 \$145,000,000 and are listed below. These improvements will be funded from a combination of revenue sources including housing and dining receipts, and parking receipts. The PORTAL Building will be funded from facilities and administrative receipts.

The issuance of bonds to refund all or a portion of prior revenue bonds or special obligation bonds issued on behalf of UNC Charlotte and the 2011 Fire Sprinkler Loan will not exceed \$11,100,000. It is possible that no bonds will be refunded with this transaction.

#### **NEW CONSTRUCTION**

Residence Hall X	(\$32,500,000)
Residence Hall XI	(\$31,000,000)
Parking Deck I	(\$6,000,000)
Parking Deck J	(\$16,500,000)
South Village Dining	(\$12,500,000)
PORTAL Building	(\$27,000,000)
Regional Utility Plant	(\$7,000,000)
2012 Fire Sprinkler Project	(\$7,000,000)

#### **REFINANCING**

2011 Fire Sprinkler Loan Refinancing	(\$4,100,000)
Refunding Bonds	(\$7,000,000)

UNC Charlotte is currently rated Aa3 and AA- by Moody's Investor Service and Standard & Poors, respectively. After issuance of these bonds, it is expected UNCC would maintain its Aa3/AA- rating.

Barclays Capital will be the underwriter for the issue. Bank of America Merrill Lynch and Wells Fargo will be the co-underwriters. Robinson, Bradshaw and Hinson is bond counsel. RBC Capital Markets is the financial advisor.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds between the January 2012 and the February 2012 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 AND REFINANCE SPECIAL OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE**