

Sale of Special Obligation Bonds – The University of North Carolina at Chapel Hill

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 Chapel Hill 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 UNC-CH indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of UNC-CH 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 UNC-CH, determine to be in the best interest of the University.

The issuance of bonds for projects previously approved by the Board and the General Assembly will not exceed a par amount of \$215,000,000. The proceeds will be used to provide funding for the projects listed in the table below. It should be noted that some of these projects were funded on an interim basis through the commercial paper program and a portion of the proceeds of this long-term bond issue will retire outstanding commercial paper up to \$120,000,000. Debt service for these capital improvements will be funded from a combination

of revenue sources including facilities and administrative receipts, student debt service fees, parking receipts, utility receipts, and athletic receipts.

Bell Tower/Genomics	72,408,685
Carolina North – advance planning	5,000,000
Carmichael Auditorium	4,381,669
Dental Sciences Teaching and Learning Building	20,000,000
ERP	21,843,152
Fetzer Gym Expansion	3,543,264
Frank Porter Graham Student Union Renovation	8,250,000
Lenoir Hall Renovation	4,167,662
Science Complex	20,114,016
Sports Medicine	1,483,492
Woollen Phase II	10,500,000
Utility Infrastructure	30,728,661

The issuance of bonds to refund all or a portion of prior revenue bonds or special obligation bonds issued on behalf of UNC-Chapel Hill will not exceed \$150,000,000. It is possible that no bonds will be refunded with this transaction.

UNC-Chapel Hill is currently rated Aaa by Moody's Investor Service, their highest rating. It is expected that UNC-CH would maintain this rating after issuance of these bonds.

J.P. Morgan will be the senior underwriter for the issue and Wells Fargo will be the co-underwriter. Parker Poe is bond counsel.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds between the June 2012 and the August 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 CHAPEL HILL