

Sale of Special Obligation Bonds – Appalachian State University

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.

Appalachian State University requests that the Board issue special obligation bonds for the purpose of (1) refinancing of ASU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of ASU that result in sufficient savings, and (2) 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 ASU, determine to be in the best interest of the University.

The issuance of bonds to refund all or a portion of prior revenue bonds or special obligation bonds issued on behalf of ASU will not exceed \$40,000,000. It is possible that no bonds will be refunded with this transaction.

ASU is currently rated Aa3 by Moody's Investor Service. After issuance of these bonds, it is expected ASU would maintain its Aa3 rating.

Hunton and Williams is bond counsel and Davenport is the financial advisor.

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 AND REFINANCE SPECIAL
OBLIGATION BOND PROJECTS FOR APPALACHIAN STATE
UNIVERSITY