

Sale of Special Obligation Bonds – North Carolina 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.

NC State 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) refunding a portion of the North Carolina State University at Raleigh General Revenue Bonds, Series 2005A and (3) paying the costs incurred in connection with the issuance of the 2013 Bonds. The 2013 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 NCSU, 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 \$320,000,000. The new money proceeds will be used to provide funding for construction, equipping and furnishing the Centennial Campus Housing Complex known as Wolf Ridge and the expansion, renovation, equipping and furnishing of the Talley Student Center. It should be noted that these projects are being 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 of \$100,000,000. Debt service for these capital improvements will be funded from a combination of revenue sources including student debt service fees, housing receipts and campus enterprise receipts.

NCSU is currently rated Aa1 and AA by Moody's Investor Service and Standard & Poors, respectively. After issuance of these bonds, it is expected NCSU would maintain its Aa1/AA rating. Parker Poe is bond counsel and Wells Fargo Securities is the lead underwriter.

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 NORTH CAROLINA STATE
UNIVERSITY