

Sale of Special Obligation Bonds – The University of North Carolina at Asheville

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 Asheville requests that the Board issue special obligation bonds for the purpose of (1) financing the acquisition of the Mountain Area Health Education Center (“MAHEC”) to be occupied by UNC Asheville’s Student Health and Counseling Center and Development and Alumni Affairs, (2) refinancing of UNCA indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of UNCA that result in sufficient savings, 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 UNCA, determine to be in the best interest of the University.

The issuance of bonds for the project previously approved by the Board and the General Assembly will not exceed a par amount of \$4,987,000. The acquisition will be financed by a \$90 debt service fee previously approved by the Board of Governors.

The issuance of bonds to refund all or a portion of prior revenue bonds or special obligation bonds issued on behalf of UNC Asheville will not exceed \$2,522,000. It is possible that no bonds will be refunded with this transaction if market conditions at the time of pricing do not produce sufficient savings.

UNC Asheville is currently rated A1 by Moody's Investor Service. After issuance of these bonds, it is expected UNCA would maintain its A1 rating.

Parker Poe is bond counsel. Davenport and Company 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 April 2013 and the June 2013 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 ASHEVILLE.