

Sale of Special Obligation Bonds – East Carolina 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.

East Carolina University requests that the Board issue special obligation bonds for the purpose of (1) financing the demolition and reconstruction of Belk Residence Hall, approved by the Board of Governors and authorized by the 2013 General Assembly, (2) refinancing of ECU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of ECU 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 ECU, determine to be in the best interest of the University.

The issuance of bonds for the project will not exceed a par amount of \$68,500,000. The project will be financed with housing receipts.

East Carolina University currently has an issuer credit rating of Aa2 by Moody's Investor Service and AA- by Standard and Poor's. After issuance of these bonds, it is expected ECU will maintain its ratings.

Parker Poe Adams & Bernstein LLP is bond counsel and First Southwest is the financial advisor. Wells Fargo Bank will serve as senior underwriter and Raymond James & Associates will serve as co-underwriter.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds between the November 2013 and the January 2014 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 EAST CAROLINA UNIVERSITY**

Special Note: Effective July 1, 2013, Stephen B. Long, affiliated with Parker Poe Adams & Bernstein LLP, bond counsel for this transaction, will be a member of the UNC Board of Governors. Mr. Long has requested that this agenda item and the related minutes of relevant Board meetings reflect that he did not participate in the development of this agenda item nor will he participate in any future discussions or actions related to this transaction.