

October 31, 2017 at 12:30 p.m.
University of North Carolina General Administration
Spangler Center, Board Room
Chapel Hill, North Carolina

AGENDA

OPEN SESSION

- A-1. Approval of the Minutes of September 5 and September 7, 2017.....O. Temple Sloan III
 - a. [September 5, 2017](#)
 - b. [September 7, 2017](#)
- A-2. [Remarketing of Special Obligation Bonds – UNC-CH](#)..... Jonathan Pruitt
- A-3. [Sale of Special Obligation Bonds – ASU](#)..... Jonathan Pruitt
- A-4. [Sale of Special Obligation Bonds – UNC-CH](#)..... Jonathan Pruitt
- A-5. [Sale of Special Obligation Bonds – UNCG](#)..... Jonathan Pruitt
- A-6. [Report Deregulation](#) Nathan Knuffman
- A-7. Adjourn

DRAFT MINUTES

September 5, 2017
University of North Carolina General Administration
Spangler Center, Executive Conference Room
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were also present by phone: Walter Davenport, Harry Smith, Kellie Blue, Carolyn Coward, Thomas Fetzer, and Bob Rucho.

Chancellor participating was Harold Martin.

Staff members present included Jonathan Pruitt and others from General Administration.

1. Call to Order and Approval of OPEN SESSION Minutes (Item A-1)

The Chair called the meeting to order at 10:00 a.m., on Tuesday, September 5, 2017, and called for a motion to approve the open session minutes of May 15, July 11, and July 13, 2017.

MOTION: Resolved, that the Committee on Budget and Finance approve the open minutes May 15, July 11, and July 13, 2017, as distributed.

Motion: Harry Smith

Motion carried

2. 2016-17 Annual Report of the Committee Budget and Finance (Item A-2)

Senior Vice President Jonathan Pruitt presented the 2016-17 Annual Report of the committee consistent with UNC Policy, the report summarized all the actions of the Committee on Budget and Finance of the last fiscal year that had been approved.

MOTION: Resolved, that the Committee on Budget and Finance approve and accept the 2016-17 Annual Report of the Committee on Budget and Finance for submission to the Board of Governors.

Motion: Harry Smith

Motion carried

3. Sale of Special Obligation Bonds – ECU (Item A-3)

Mr. Pruitt explained East Carolina University's (ECU) request for the Board of Governors to issue (1) a special obligation bond anticipation note for the purpose of providing funds for the construction of the Dowdy-Ficklen Stadium Southside Renovation Project, and (2) special obligation bonds in one or more series for the purpose of refinancing outstanding indebtedness to achieve interest rate savings. The Dowdy-Ficklen Stadium Southside Renovation was approved under S.L. 2017-620.

ECU estimated that it would achieve approximately (1) \$794,000 in net present value savings by refunding the 2010A Bonds, representing approximately 6.8 percent of the par amount refunded; and (2) \$412,000 in net present value savings by refunding the 2012 Bonds, representing approximately 5.1 percent of the par amount refunded. ECU was seeking authority to refund both series of bonds at the same time it issues debt for its new money project to streamline costs of issuance and provide ECU with maximum flexibility to take advantage of prevailing market conditions, but ECU would pursue the refinancings only if market conditions remain favorable at the time of pricing.

MOTION: Resolved, that the Committee on Budget and Finance approve ECU's request of Sale of Special Obligation Bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

4. Sale of Special Obligation Bonds – UNCC (Item A-4)

Mr. Pruitt explained The University of North Carolina at Charlotte's (UNC Charlotte) request for the Board of Governors to issue special obligation bonds in an amount not to exceed \$91,644,000 for the purpose of (1) renovating and improving Scott Residence Hall and acquiring, constructing, and equipping a Health and Wellness Center; (2) paying in advance of its maturity the outstanding principal amount of The University of North Carolina General Revenue Bond Anticipation Note, Series 2016, which financed the renovation and improvement of Elm, Maple, and Pine Residence Halls; (3) paying interest on the 2017 Bonds during construction of certain projects; and (4) paying the costs incurred in connection with the issuance of the 2017 Bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve UNCC's request of Sale of Special Obligation Bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

5. Capital Improvement Projects – ECU, FSU, NCA&T, NCSU, UNC-CH, UNCC, UNCG, UNCSA, WCU, and WSSU (Item A-4)

Upon Associate Vice President Will Johnson's presentation of the Capital Improvement Project request, he stated that Winston-Salem State University pulled their two projects from consideration. He continued to present the remaining 16 capital improvement projects at nine constituent institutions: one for advance planning, four projects for increased authorization, and eleven new projects for authority.

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Authorization Type	Funding Source
East Carolina University						
1.	Mendenhall Catering Kitchen Renovation	\$5,200,000	\$200,000	\$5,000,000	New Project	Dining Receipts
<i>ECU Subtotal</i>		<i>\$5,200,000</i>	<i>\$200,000</i>	<i>\$5,000,000</i>		
Fayetteville State University						
2.	Chick-Fil-A at Rudolph Jones Student Center	\$718,750	-	\$718,750	New Project	Auxiliary (50%)/ Vendor (50%)
<i>FSU Subtotal</i>		<i>\$718,750</i>	<i>\$0</i>	<i>\$718,750</i>		
North Carolina A&T State University						
3.	New Community and Urban Food Complex	\$5,600,000	-	\$5,600,000	New Project	Federal Grant
<i>NCA&T Subtotal</i>		<i>\$5,600,000</i>	<i>\$0</i>	<i>\$5,600,000</i>		
North Carolina State University						
4.	Case Academic Center Dining Addition	\$1,999,000	\$90,000	\$1,909,000	New Project	Dining Receipts
5.	Data Infrastructure Upgrades FY18	\$1,695,000	-	\$1,695,000	New Project	Trust Funds
6.	Greek Village Phase 3 Infrastructure	\$5,500,000	\$550,000	\$4,950,000	New Project	Trust Funds/ Gifts
7.	Rigging Replacement Stewart Theatre (\$1,150,000)	\$75,000	-	\$75,000	Advance Planning	Trust Funds
<i>NCSU Subtotal</i>		<i>\$9,269,000</i>	<i>\$640,000</i>	<i>\$8,629,000</i>		
The University of North Carolina at Chapel Hill						
8.	Burnett Womack 4th Floor Renovation	\$457,494	-	\$457,494	New Project	Trust Funds
9.	Carmichael Hall Maker Space	\$659,364	\$533,364	\$126,000	Increase	Housing Receipts
10.	Chase Dining Hall Second Floor Renovation	\$4,440,674	\$3,850,000	\$590,674	Increase	Dining Receipts
11.	Kenan Flagler School of Business Renovations at 1st, 2nd and 4th Floor	\$1,651,197	-	\$1,651,197	New Project	Trust Funds
12.	UNC Parking Deck – LED Lighting Safety Upgrades	\$896,000	-	\$896,000	New Project	Parking Receipts
<i>UNC-CH Subtotal</i>		<i>\$8,104,729</i>	<i>\$4,383,364</i>	<i>\$3,721,365</i>		
The University of North Carolina at Charlotte						
13.	Energy Projects – Phase 1	\$424,533	-	\$424,533	New Project	Carry-forward
<i>UNCC Subtotal</i>		<i>\$424,533</i>	<i>\$0</i>	<i>\$424,533</i>		

	Institution/Project Title	Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Authorization Type	Funding Source
The University of North Carolina at Greensboro						
14.	UNCG Biology - Plant and Pollination Center	\$488,500	-	\$488,500	New Project	F&A
	<i>UNCG Subtotal</i>	<i>\$488,500</i>	<i>\$0</i>	<i>\$488,500</i>		
The University of North Carolina School of the Arts						
15.	Campus Master Plan	\$798,000	\$500,000	\$298,000	Increase	Auxiliary Reserves
	<i>UNCSA Subtotal</i>	<i>\$798,000</i>	<i>\$500,000</i>	<i>\$298,000</i>		
Western Carolina University						
16.	Parking Deck Facility	\$26,615,185	\$23,615,185	\$3,000,000	Increase	Parking Receipts
	<i>WCU Subtotal</i>	<i>\$26,615,185</i>	<i>\$23,615,185</i>	<i>\$3,000,000</i>		
	Grand Total	\$57,218,697	\$29,338,549	\$27,880,148		

With Board approval, these projects would be reported to the Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

MOTION: As amended, that the Committee on Budget and Finance approve the Capital Improvement Projects for ECU, FSU, NCA&T, NCSU, UNC-CH, UNCC, UNCG, UNCSA, and WCU and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Bob Rucho

Motion carried

6. Disposition of Property by Demolition – ECU and FSU (Item A-6)

Mr. Johnson introduced the requests of Disposition of Property by Demolition by East Carolina University and Fayetteville State University. ECU requested authorization to demolish four existing structures on the grounds of Dowdy-Ficklen Stadium located in the City of Greenville, Pitt County, North Carolina. FSU requested authorization to demolish one existing structure on its campus located in the City of Fayetteville, Cumberland County, North Carolina.

With Board approval, it is recommended that these property dispositions at East Carolina University and Fayetteville State University will be transmitted to the Council of State for final action.

MOTION: Resolved, that the Committee on Budget and Finance approve ECU and FSU's request of Disposition of Property by Demolition and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

7. Report Deregulation (Item A-7)

Vice President Nathan Knuffman presented a request for deregulation of some of the reporting requirements that had been essential, others have accumulated over a period of years, and no longer provide information that was necessary for business and performance analysis. In addition, the reporting and data collection requirements were scattered throughout the policy manual, making it difficult for institutions to comply with the requirements in an effective and efficient manner.

Mr. Knuffman reviewed the policy 600.3.1 - Expenditure of Funds Generated Through Lapsed Salaries to be repealed.

Prior to the expenditure of funds generated through lapsed salaries, each chancellor shall submit to the Board of Governors, through the president, his/her respective plans and justifications for the expenditure of such funds. Further, the chancellors shall identify the staff positions by department or school that generated the lapsed salary funds. In the case of vacant positions, the plan should document the position and the length of time the position has been vacant, as well as the expected duration of the vacancy. A report shall be due on or before sixty days prior to the end of each fiscal year on all lapsed salaries. Reporting requirements are set out in policy 600.3.1.

MOTION: Resolved, that the Committee on Budget and Finance approve the Deregulation of Policy 600.3.1. – Expenditure of Funds Generated Through Lapsed Salaries and recommend it to the full Board of Governors for a vote through the consent agenda at the next meeting.

Motion: Walter Davenport

Motion carried

There being no further business, the meeting adjourned at 10:18 a.m.

Carolyn L. Coward, Secretary

DRAFT MINUTES

September 7, 2017
University of North Carolina General Administration
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were also present: Walter Davenport, Harry Smith, Kellie Blue, Carolyn Coward, Thomas Fetzer, and Bob Rucho.

Chancellors participating were Carol Folt and Harold Martin.

Staff members present included Jonathan Pruitt and others from General Administration.

Mr. Sloan called the meeting to order at 1:03 p.m., on Thursday, September 7, 2017.

1. 2017-18 Operating Budget Allocations (Item B-1)

Vice President Nathan Knuffman presented the 2017-18 Operating Budget Allocations including compensation funding which met all of the directives cited in the Appropriations Act of 2017, the technical corrections bill (H528) and the related Joint Conference Committee Report. Many of the changes were made directly to each institution's continuation budget; however, one item that requires Board action is salary compensation for EHRA employees which totaled \$24,736,487.

MOTION: Resolved, that the Committee on Budget and Finance approve the 2017-18 Operating Budget Allocations including the salary compensation for EHRA employees following proposed allocations for 2017-18, recommend it to the full Board of Governors for a vote, and recommend that the president be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the president be authorized to seek such concurrence as may be required of the Director of the Budget in the allocation of Budget Priorities.

Motion: Walter Davenport

Motion carried

2. 2017-18 Capital Improvement Allocations (Item B-2)

Associate Vice President Will Johnson presented the 2017-18 Capital Improvement Allocations. Funds for Repairs and Renovations projects were appropriated to the Board of Governors for allocation to the institutions.

For fiscal year 2017-18, the 2017 General Assembly appropriated \$125,000,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$24,000,000, to be deducted from the \$125,000,000. This yielded a net Reserve for Repairs and Renovations equal to \$101,000,000, of which \$50,500,000 (one-half) was allocated to the Board of Governors.

MOTION: Resolved, that the Committee on Budget and Finance approve the 2017-18 Capital Improvement Allocations including the Repairs and Renovations, recommend it to the full Board of Governors for a vote, and recommend that the president be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the president be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

Motion: Harry Smith

Motion carried

3. Connect NC Bond Program Report (Item B-3)

Mr. Johnson gave an update on the Connect NC Bond Program. All 17 UNC institutions are in various stages of their 21 capital improvement projects that total \$1,065,000,000. Mr. Johnson described preliminary evidence of capital cost inflation and noted that UNC General Administration is working with regulatory agencies and UNC institutions to coordinate processes, disseminate cost information, and fulfill statutory reporting requirements.

4. Request for Additional Project and Financing Authority – NCCU (Item B-4)

Senior Vice President Jonathan Pruitt presented North Carolina Central University's (NCCU) Request for Additional Project and Financing Authority on a previously authorized construction and financing of the Student Center Project. This was necessary due to increased estimated construction costs and a nominal increase of the size of the building.

MOTION: Resolved, that the Committee on Budget and Finance approve NCCU's Request for Additional Project and Financing Authority and recommend it to the full Board of Governors for a vote.

Motion: Walter Davenport

Motion carried

5. Sale of Special Obligation Bonds – UNC-CH (Item B-5)

Mr. Pruitt explained The University of North Carolina at Chapel Hill's request for the Board to issue special obligation bonds in an amount not to exceed \$125,000,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings; (2) refinancing outstanding commercial paper indebtedness to provide long-term financing at a fixed interest rate for the facilities originally financed; and (3) paying the costs incurred in connection with the issuance of the bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC-CH's request of Sale of Special Obligation Bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Tom Fetzer

Motion carried

There being no further business, the meeting adjourned at 3:30 p.m.

Carolyn L. Coward, Secretary

AGENDA ITEM

A-2. Remarketing of Special Obligation Bonds – UNC-CH Jonathan Pruitt

Situation: The University of North Carolina at Chapel Hill (UNC-CH) requests that the Board approve the remarketing of the 2012B Bonds prior to their mandatory tender date and the delivery of a related remarketing supplement.

Background: The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. All projects in this request have been previously approved by the Board of Governors and the General Assembly. UNC-CH is requesting to remarket bonds that were originally issued in 2012.

Assessment: The Board previously issued The University of North Carolina at Chapel Hill General Revenue Bonds, Series 2012B (the “2012B Bonds”) to finance and refinance the construction, renovation, improvement, equipping and furnishing of certain facilities on UNC-CH’s campus. By their terms, the 2012B Bonds are subject to mandatory tender on or before December 1, 2017.

UNC-Chapel Hill requests that the Board approve the remarketing of the 2012B Bonds prior to such date and the delivery of a new remarketing supplement in connection with the remarketing of the 2012B Bonds. Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner & Smith Incorporated will be appointed as the remarketing agents for the 2012B Bonds.

The University of North Carolina at Chapel Hill currently has an issuer credit rating of “Aaa” with a Stable Outlook by Moody’s Investor Service, an issuer credit rating of “AAA” with a Stable Outlook by Standard & Poor’s Global Ratings and an issuer credit rating of “AAA” with a Stable Outlook by Fitch Ratings. The transaction is expected to have no impact on the University’s credit ratings.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Remarketing of Special Obligation Bonds – UNC-Chapel Hill

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds for capital improvement 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 Board previously issued The University of North Carolina at Chapel Hill (UNC-CH) General Revenue Bonds, Series 2012B (the “2012B Bonds”) to finance and refinance the construction, renovation, improvement, equipping and furnishing of certain facilities on the campus of The University of North Carolina at Chapel Hill. By their terms, the 2012B Bonds are subject to mandatory tender on or before December 1, 2017.

UNC-Chapel Hill requests that the Board approve the remarketing of the 2012B Bonds prior to such date and the delivery of a new remarketing supplement in connection with the remarketing of the 2012B Bonds. Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner & Smith Incorporated will be appointed as the remarketing agents for the 2012B Bonds.

UNC-CH currently has an issuer credit rating of “Aaa” with a Stable Outlook by Moody’s Investor Service, an issuer credit rating of “AAA” with a Stable Outlook by Standard & Poor’s Global Ratings and an issuer credit rating of “AAA” with a Stable Outlook by Fitch Ratings. The remarketing of the 2012B Bonds is not expected to have any impact on UNC Chapel Hill’s credit ratings.

Parker Poe is bond counsel, and Prager & Co. is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to remarket the special obligation bonds and deliver the related documentation through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA REGARDING
SPECIAL OBLIGATION BOND MATTERS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina (the “University”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill (“UNC-Chapel Hill”), The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of the Arts, Western Carolina University, and Winston-Salem State University and other institutions; and

WHEREAS, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the Board has previously issued The University of North Carolina at Chapel Hill General Revenue Bonds, Series 2012B (the “2012B Bonds”), the proceeds of which were used to finance and refinance the construction, renovation, improvement, equipping and furnishing of certain facilities on the UNC Chapel Hill campus;

WHEREAS, the Board has determined to remarket the 2012B Bonds that are subject to mandatory tender by their terms on December 1, 2017 in accordance with Series Indenture, Number 9 dated as of July 1, 2012 (the “Ninth Series Indenture”) between the Board and the Trustee;

WHEREAS, in connection with the remarketing of the 2012B Bonds, the Board has determined to cause to be prepared and delivered a Remarketing Supplement (the “2012B Bonds Remarketing Supplement”), a form of which has been made available to the Board;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of The University of North Carolina as follows:

Section 1. **Remarketing of 2012B Bonds.** The Board authorizes the remarketing of the 2012B Bonds in accordance with the terms of the Ninth Series Indenture. The Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver such amendments to the Ninth Series Indenture for and on behalf of the Board as shall to them seem necessary, desirable or appropriate in remarketing the 2012B Bonds. Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Remarketing Agents”) are hereby appointed as the Remarketing Agents for the remarketing of the 2012B Bonds. The Vice Chancellor for Finance and Administration of UNC-Chapel Hill, in consultation with the Senior Vice President for Finance and Budget of the University, is authorized and directed to establish the terms for the remarketing of the 2012B Bonds in accordance with the Ninth Series Indenture. The form, terms and content of the

2012B Remarketing Supplement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the 2012B Remarketing Supplement by the Remarketing Agents in connection with the remarketing of the 2012B Bonds is hereby in all respects authorized, approved, ratified and confirmed. The Chairman of the Board, the President, the Senior Vice President for Finance and Budget of the University and Vice Chancellor for Finance and Administration of UNC-Chapel Hill, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the 2012B Remarketing Supplement for and on behalf of the Board in substantially the form and content of the 2012B Remarketing Supplement presented to the Board, but with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate.

Section 2. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers and the Vice Chancellor for Finance and Administration of UNC Chapel Hill are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the Bonds, the 2012B Bonds.

Section 3. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 4. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 3rd day of November, 2017.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF ORANGE

)

I, Andrea Poole, Senior Associate Vice President and Secretary of The University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of The University of North Carolina at its regular meeting on November 3, 2017, (2) notice of the meeting of the Board of Governors of The University of North Carolina held on November 3, 2017 was sent to each member of the Board, and (3) a quorum was present at the meeting on November 3, 2017 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina this ____ day of _____, 2017.

[SEAL]

Andrea Poole, Senior Associate Vice
President and Secretary
The University of North Carolina

AGENDA ITEM

A-3. Sale of Special Obligation Bonds – ASU Jonathan Pruitt

Situation: Appalachian State University (ASU) requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed \$75,000,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings; and (2) paying the costs incurred in connection with the issuance of the 2017 Bonds.

Background: The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board of Governors and the General Assembly and have been approved for financing. This request is for refinancing the previously issued bonds.

Assessment: Due to the favorable interest rate environment, up to \$66,865,000 of outstanding special obligation bonds issued on behalf of ASU may be refinanced for debt service savings. ASU conservatively estimates that it can achieve approximately (1) \$340,000 in net present value savings by refunding the 2008A Bonds, representing approximately 3.6 percent of the par amount refunded, (2) \$870,000 in net present value savings by refunding the 2010B-1 Bonds, representing approximately 6.5 percent of the par amount refunded, and (3) \$1,505,000 in net present value savings by refunding the 2011 Bonds, representing approximately 3.4 percent of the par amount refunded. ASU is seeking authority to refund each series of bonds to streamline costs of issuance and provide ASU with maximum flexibility to take advantage of prevailing market conditions, but ASU will not pursue any refunding that fails to produce net present value savings in excess of 3 percent of the par amount refunded.

ASU currently has an issuer credit rating of “Aa3” with a Stable Outlook by Moody’s Investor Service. This transaction is expected to have no impact on the ASU’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Sale of Special Obligation Bonds – Appalachian State University

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds for capital improvement 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 (ASU) requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed \$75,000,000 for the purpose of refinancing up to \$66,865,000 of outstanding special obligation bonds issued in 2008, 2010 and 2011. ASU conservatively estimates that it can achieve approximately (1) \$340,000 in net present value savings by refunding the 2008A Bonds, representing approximately 3.6 percent of the par amount refunded; (2) \$870,000 in net present value savings by refunding the 2010B-1 Bonds, representing approximately 6.5 percent of the par amount refunded; and (3) \$1,505,000 in net present value savings by refunding the 2011 Bonds, representing approximately 3.4 percent of the par amount refunded.

The 2017 Bonds issued to refund the 2010B-1 Bonds and the 2011 Bonds will be sold in the public market through a competitive sale process. Due to its smaller size and shorter term, the 2017 Bond issued to refund the 2008A Bonds may be issued in a separate series and privately placed with a lender selected through a competitive RFP process.

ASU is seeking authority to refund each series of bonds to streamline costs of issuance and provide ASU with maximum flexibility to take advantage of prevailing market conditions, but the Board's approval would set a minimum net present value savings threshold of 3 percent of the refunded par amount, meaning ASU would not pursue any refunding (or incur any related transaction costs) that fails to produce savings in excess of that benchmark.

ASU currently has an issuer credit rating of "Aa3" with a Stable Outlook by Moody's Investor Service. This transaction is expected to have no impact on ASU's credit rating.

McGuireWoods LLP is bond counsel, and First Tryon is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING
THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO REFINANCE SPECIAL OBLIGATION BOND PROJECTS
FOR APPALACHIAN STATE UNIVERSITY**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, as amended, the Board of Governors (the “*Board*”) of the University of North Carolina (the “*University*”) is vested with general control and supervision of Appalachian State University (“*ASU*”), East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of the Arts, Western Carolina University, and Winston Salem State University and other institutions; and

WHEREAS, the Board is authorized by Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project and refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes, including the payment of any redemption premium on the bonds refunded and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the Board has determined that it may achieve debt service savings by refunding all or a portion of the (1) The University of North Carolina System Pool Revenue Bonds, Series 2010B-1 (the “*2010B-1 Bonds*”), (2) Appalachian State University General Revenue Bonds, Series 2011 (the “*2011 Bonds*”), and (3) The University of North Carolina System Pool Revenue Bonds, Series 2008A (the “*2008A Bonds*,” and together with the 2010B-1 Bonds and the 2011 Bonds, the “*Refunded Bonds*”); and

WHEREAS, in order to refund the Refunded Bonds, the Board has determined to issue Appalachian State University General Revenue and Revenue Refunding Bonds, Series 2017 (with appropriate designations and series designations) in one or more series in an aggregate principal amount not to exceed \$75,000,000 (the “*2017 Bonds*”), to (a) refund all or a portion of the Board’s and (c) pay the costs of issuing the 2017 Bonds; and

WHEREAS, if the Board can achieve debt service savings, the Board has determined to issue the 2017 Bonds to refund all or a portion of the Refunded Bonds and pay related costs of issuance under the General Trust Indenture, dated as of November 1, 2003 (the “*General Indenture*”), between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “*Trustee*”), and Series Indenture, Number 14, to be dated as of November 1, 2017 (the “*Fourteenth Series Indenture*” and, together with the General Indenture, the “*Indentures*”), between the Board and the Trustee; and

WHEREAS, the Board may sell the Bonds relating to the refunding of the 2008A Bonds through a request for proposals process to one or more financial institutions whose bid or bids result in the most

favorable terms for the University, in which case such 2017 Bonds will be issued under a receive a separate designation and will issued under the General Indenture and Series Indenture, Number 15, dated as of November 1, 2017 (the "*Fifteenth Series Indenture*");

WHEREAS, the projects to be refinanced with the proceeds of the 2017 Bonds are collectively referred to herein as the "*Special Obligation Bond Projects*"; and

WHEREAS, the 2017 Bonds and other obligations issued under the General Indenture are payable solely from "*Available Funds*" as defined in the General Indenture; and

WHEREAS, there have been made available to the Board forms of the following documents (hereinafter collectively referred to as the "*Board Documents*"), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Fourteenth Series Indenture;
2. the Fifteenth Series Indenture;
3. the form of the 2017 Bonds, as set forth in the Fourteenth Series Indenture and the Fifteenth Series Indenture;
3. an Escrow Agreement dated as of November 1, 2017, between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent related to the advance refunding of The University of North Carolina System Pool Revenue Bonds, Series 2010B-1;
4. the Preliminary Official Statement (the "*Preliminary Official Statement*") relating to the 2017 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the "*Official Statement*"), relating to the 2017 Bonds that are publicly offered; and

WHEREAS, the issuance of the 2017 Bonds does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of financing and refinancing the Special Obligation Bond Projects in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina as follows:

Section 1. Sufficiency of Available Funds. The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2017 Bonds.

Section 2. Authorization of Bonds. The Board hereby authorizes and approves the issuance of the 2017 Bonds (including any portion thereof that are privately placed pursuant to the Fifteenth Series

Indenture) in the maximum amount of \$75,000,000, subject to the terms and conditions of this Resolution.

Section 3. Authorization of Board Documents. The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President, the Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Secretary of the University (collectively, the “*Authorized Officers*”) are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as any Authorized Officer may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2017 Bonds (including, but not limited to, the setting of interest rates, whether fixed rate to one or more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and the Board Documents as executed.

Section 4. Authorization of Preliminary Official Statement and Official Statement. The form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the Official Statement in connection with the sale of any of the 2017 Bonds that are publicly offered is hereby in all respects authorized, approved, ratified and confirmed. The President, the Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Preliminary Official Statement and the Official Statement for and on behalf of the Board, in connection with the sale of the 2017 Bonds that are publicly offered in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as the President, the Senior Vice President and Chief Operating Officer, and the Senior Vice President for Finance and Budget of the University may deem necessary, desirable or appropriate. The execution of such disclosure documents by any of the officers listed above shall constitute conclusive evidence of the Board’s approval of such documents, and any and all such changes, modifications, additions or deletions therein. The use of such Preliminary Official Statement and Official Statement by the underwriter in connection with the sale of the 2017 Bonds to investors is hereby authorized, approved and confirmed.

Section 5. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary for the issuance and sale

of the 2017 Bonds and the refunding of the Refunded Bonds. The 2017 Bonds may be sold either by competitive sale, in a negotiated sale to an underwriter selected by ASU, or to a bank or other private institutional investor in a private placement, and the foregoing officers are hereby authorized, empowered and directed to execute and deliver such documents, instruments and certificates as may be required to affect the sale of the 2017 Bonds in either a competitive or negotiated sale or a private placement. The Authorized Officers are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2017 Bonds.

Section 6. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 7. Effective Date. This Resolution is effective immediately on the date of its adoption.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF ORANGE

)

I, Andrea Poole, Senior Associate Vice President and Secretary of The University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on November 3, 2017, (2) notice of the meeting of the Board of Governors of The University of North Carolina held on November 3, 2017 was sent to each member of the Board, and (3) a quorum was present at the meeting on November 3, 2017 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina this ____ day of _____, 2017.

[SEAL]

Andrea Poole, Senior Associate Vice
President and Secretary
The University of North Carolina

AGENDA ITEM

A-4. Sale of Special Obligation Bonds – UNC-CH Jonathan Pruitt

Situation: The University of North Carolina at Chapel Hill (UNC-CH) requests that the Board authorize UNC-CH to finance under its existing commercial paper program all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the General Assembly under SL 2017-141.

Background: The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. All projects in this request have been previously approved by the Board of Governors and were approved by the General Assembly under S.L. 2017-141.

Assessment: The Board previously issued The University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A to establish a commercial paper program to provide interim financing for certain projects for UNC-CH. Amounts outstanding under the commercial paper program are repaid from time to time from fundraising receipts or from proceeds of long-term financings. This request would authorize UNC-Chapel Hill to finance the projects approved under SL 2017-141 under its existing commercial paper program.

UNC-CH currently has an issuer credit rating of “Aaa” with a Stable Outlook by Moody’s Investor Service, an issuer credit rating of “AAA” with a Stable Outlook by Standard & Poor’s Global Ratings and an issuer credit rating of “AAA” with a Stable Outlook by Fitch Ratings. The transaction is expected to have no impact on the University’s credit ratings.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Sale of Special Obligation Bonds – UNC-Chapel Hill

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds for capital improvement 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 Board previously issued The University of North Carolina at Chapel Hill (UNC-CH) General Revenue Bond, Series 2002A (the “Commercial Paper”) to establish a commercial paper program to provide interim financing for certain projects for The University of North Carolina at Chapel Hill that have been previously approved by the Board and the General Assembly. Amounts outstanding under the Commercial Paper program are repaid from time to time from fundraising receipts or from proceeds of long-term financings.

UNC-Chapel Hill requests that the Board permit UNC-CH to finance under its Commercial Paper program all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the General Assembly under SL 2017-141.

UNC-CH currently has an issuer credit rating of “Aaa” with a Stable Outlook by Moody’s Investor Service, an issuer credit rating of “AAA” with a Stable Outlook by Standard & Poor’s Global Ratings and an issuer credit rating of “AAA” with a Stable Outlook by Fitch Ratings. The transaction is not expected to have any impact on the UNC Chapel Hill’s credit ratings.

Parker Poe is bond counsel, and Prager & Co. is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING SPECIAL
OBLIGATION BOND PROJECTS FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina (the “Act”), the Board of Governors (the “Board”) of the University of North Carolina (the “University”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University at Raleigh, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of Arts, Western Carolina University, and Winston-Salem State University and other institutions; and

WHEREAS, the Board is authorized by Chapter 116D of the Act to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project and refunding bonds for the purpose of refunding any bonds by the Board under the Article or under any Article of Chapter 116 of the General Statutes, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS; the Board has previously issued The University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A (the “*Commercial Paper*”), proceeds of which are available to The University of North Carolina at Chapel Hill (“UNC-CH”) in order to finance the costs of certain projects on the campus of UNC-CH;

WHEREAS; the Board has determined to add to the list of projects eligible to be financed with the proceeds of the Commercial Paper and any other special obligation bonds (collectively, the “*Bonds*”) issued by the Board on behalf of UNC-CH, the projects listed in Exhibit A to this resolution (the “*Special Obligation Bond Projects*”); and

WHEREAS, under the General Trust Indenture dated as of January 15, 2001 (the “*UNC-CH General Indenture*”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (“*BNY*”), special obligation bonds issued under the UNC-Chapel Hill General Indenture are payable solely from any funds of UNC-Chapel Hill or the Board in each Fiscal Year remaining after satisfying obligations of UNC-CH or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the UNC-Chapel Hill General Indenture with respect to UNC-Chapel Hill, including Unrestricted General Fund balances and Unrestricted Quasi-Endowment Fund balances shown as such on UNC-Chapel Hill’s financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC- Chapel Hill students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof and (4) revenues generated by Special Facilities, as defined in the UNC-Chapel Hill General Indenture (the “*UNC-Chapel Hill Available Funds*”);

WHEREAS, the Board has determined to cause to be prepared and delivered a new Offering Memorandum to be used for the issuance of its Commercial Paper (the “*CP Offering Memorandum*”), a form of which has been made available to the Board;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina as follows:

Section 1. **Authorization of Special Obligation Bonds Projects.** The Board hereby approves and ratifies the use of the proceeds of the Bonds for the Special Obligation Bonds Projects listed in Exhibit A to this resolution.

Section 2. **Sufficiency of Available Funds.** The Board hereby finds that sufficient UNC- Chapel Hill Available Funds are available to pay the principal of and interest on the Bonds attributable to UNC-Chapel Hill.

Section 3. **Authorization of CP Offering Memorandum.** The form, terms and content of the CP Offering Memorandum be and the same hereby are in all respects authorized, approved and confirmed, and the use of the CP Offering Memorandum by the duly authorized dealers for the Commercial Paper in connection with the sale of the Commercial Paper is hereby in all respects authorized, approved, ratified and confirmed. The Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the CP Offering Memorandum for and on behalf of the Board in substantially the form and content of the CP Offering Memorandum presented to the Board, but with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate.

Section 4. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 5. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 3rd day of November, 2017.

STATE OF NORTH CAROLINA)
)
COUNTY OF ORANGE)

SECRETARY'S CERTIFICATE
OF AUTHENTICATION

I, Andrea Poole, Senior Associate Vice President and Secretary of The University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on November 3, 2017, (2) notice of the meeting of the Board of Governors of The University of North Carolina held on November 3, 2017 was sent to each member of the Board, and (3) a quorum was present at the meeting on November 3, 2017 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina this ____ day of _____, 2017.

[SEAL]

Andrea Poole, Senior Associate Vice
President and Secretary
The University of North Carolina

EXHIBIT A

UNC-CHAPEL HILL PROJECTS

The following projects on the campus of UNC-Chapel Hill approved by the North Carolina General Assembly in Chapter 141 of the 2017 North Carolina Session Laws are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by the Board of Governors on behalf of UNC-Chapel Hill:

Indoor Practice Facility and Fetzer Field (\$30,000,000)
Media and Communication Studios (Athletics) (\$10,000,000)
DLAM Renovations (swing space for Berryhill Hall) & AAALAC Certification (\$21,890,000)
Kenan Labs – Renovations to Labs 7A, 7B, 7C, 8B & 8C for Applied Physics (\$7,683,000)
Medical Education Building (\$22,600,000)

AGENDA ITEM

A-5. Sale of Special Obligation Bonds – UNCG Jonathan Pruitt

Situation: The University of North Carolina at Greensboro (UNCG) requests that the Board issue special obligation bonds in an aggregate principal amount not to exceed \$102,000,000 for the purpose of (1) refinancing outstanding indebtedness to achieve interest rate savings; and (2) paying the costs incurred in connection with the issuance of the 2017 Bonds.

Background: The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board of Governors and the General Assembly and have been approved for financing. This request is for refinancing the previously issued bonds.

Assessment: Due to the favorable interest rate environment, up to \$87,870,000 of outstanding special obligation bonds issued on behalf of UNCG in 2011 and 2012 may be refinanced for debt service savings. UNCG conservatively estimates that it can achieve approximately (1) \$4,600,000 in net present value savings by refunding the 2011 Bonds, representing approximately 7.4 percent of the par amount refunded; and (2) \$840,000 in net present value savings by refunding the 2012 Bonds, representing approximately 3.1 percent of the par amount refunded. UNCG is seeking authority to refund both series of bonds to streamline costs of issuance and provide UNCG with maximum flexibility to take advantage of prevailing market conditions, but UNCG will not pursue any refunding that fails to produce net present value savings in excess of 3 percent of the par amount refunded.

UNCG currently has an issuer credit rating of “Aa3” with a Stable Outlook by Moody’s Investor Service and an issuer credit rating of “A+” with a Stable Outlook by Standard & Poor’s. This transaction is expected to have no impact on UNCG’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Sale of Special Obligation Bonds – UNC Greensboro

ISSUE OVERVIEW

The Board of Governors is authorized to issue special obligation bonds for capital improvement 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 Greensboro (UNCG) requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed \$102,000,000 for the purpose of refinancing up to \$87,870,000 of outstanding special obligation bonds issued in 2011 and 2012. UNCG conservatively estimates that it can achieve approximately (1) \$4,600,000 in net present value savings by refunding the 2011 Bonds, representing approximately 7.4 percent of the par amount refunded; and (2) \$840,000 in net present value savings by refunding the 2012A Bonds, representing approximately 3.1 percent of the par amount refunded

The 2017 Bonds will be sold in the public market on a negotiated basis by an underwriter selected through a competitive RFP process.

UNCG is seeking authority to refund each series of bonds to streamline costs of issuance and provide UNCG with maximum flexibility to take advantage of prevailing market conditions, but the Board's approval would set a minimum net present value savings threshold of 3 percent of the refunded par amount, meaning UNCG would not pursue any refunding (or incur any related transaction costs) that fails to produce savings in excess of that benchmark.

UNCG currently has an issuer credit rating of "Aa3" with a Stable Outlook by Moody's Investor Service and an issuer credit rating of "A+" with a Stable Outlook by Standard & Poor's. This transaction is expected to have no impact on UNCG's credit rating.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AUTHORIZING
THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO REFINANCE SPECIAL OBLIGATION BOND PROJECTS
FOR THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “*Board*”) of the University of North Carolina (the “*University*”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, The University of North Carolina at Asheville, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro (“*UNC Greensboro*”), The University of North Carolina at Pembroke, The University of North Carolina at Wilmington, The University of North Carolina School of the Arts, Western Carolina University, and Winston Salem State University and other institutions; and

WHEREAS, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS; the Board has determined to issue The University of North Carolina at Greensboro General Revenue Refunding Bonds, Series 2017 (with appropriate descriptions and series designations) (the “*2017 Bonds*”) in an aggregate principal amount not to exceed \$102,000,000 to (a) refund in advance of their maturities a portion of The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2011 maturing on April 1, 2022 through April 1, 2027, and all of The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2011 maturing on and after April 1, 2028 (the “*Refunded 2011 Bonds*”), that result in sufficient savings to UNC Greensboro; (b) refund in advance of their maturities a portion of The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2012A maturing on April 1, 2023 through April 1, 2029, and all of The University of North Carolina at Greensboro General Revenue and Revenue Refunding Bonds, Series 2012A maturing on and after April 1, 2030 (the “*Refunded 2012A Bonds*” and collectively with the Refunded 2011 Bonds, the “*Refunded Bonds*”), that result in sufficient savings to UNC Greensboro; and (c) pay the costs incurred in connection with the issuance of the 2017 Bonds; and

WHEREAS, the Board has determined to issue the 2017 Bonds under the General Trust Indenture dated as of June 1, 2001 (the “*General Indenture*”) between the Board and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and Series Indenture, Number 12 dated as of December 1, 2017 (the “*Twelfth Series Indenture*”) between the Board and the Trustee; and

WHEREAS, the 2017 Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Greensboro or the Board in each Fiscal Year but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Greensboro students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, and (4) revenues generated by Special Facilities (as defined in the General Indenture) (collectively, the “*Available Funds*”); and

WHEREAS, the Board anticipates that an underwriter or underwriters to be selected by the Board and UNC Greensboro (the “*Underwriters*”) will purchase all of the 2017 Bonds pursuant to the terms of a bond purchase agreement (the “*Purchase Agreement*”) between the Board and the Underwriters; and

WHEREAS, there have been made available to the Board forms of the following documents (the “*Board Documents*”), which the Board proposes to approve, ratify, execute and deliver, as applicable, to effectuate the financing:

1. the Twelfth Series Indenture;
2. the Escrow Agreement dated as of December 1, 2017 between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent, providing for payment of the Refunded Bonds refunded with proceeds of the 2017 Bonds through their redemption;
3. the Purchase Agreement;
4. the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the 2017 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the 2017 Bonds; and
5. the 2017 Bond in the form set forth in the Twelfth Indenture; and

WHEREAS, the issuance of the 2017 Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the special obligation bond projects financed or refinanced with proceeds of the 2017 Bonds, in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of 2017 Bonds.** That the Board hereby authorizes the issuance of the 2017 Bonds in an aggregate principal amount not to exceed \$102,000,000 under the General Indenture and the Twelfth Series Indenture. The 2017 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt and taxable bonds as the Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at UNC Greensboro, determine to be in the best interest of the University and UNC Greensboro.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2017 Bonds.

Section 3. **Authorization of Refunding.** That the Board authorizes the Senior Vice President for Finance and Budget of the University to include within the purpose for which the 2017 Bonds are issued the refunding in advance of their maturities of as many maturities of the Refunded Bonds which produce net present value savings to UNC Greensboro as the Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at UNC Greensboro, determines to be in the best interest of UNC Greensboro.

Section 4. **Selection of Underwriters and other Financing Team Members.** That the Board authorizes the Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at UNC Greensboro, to select the Underwriters for the 2017 Bonds and any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 5. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the University, the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the University, individually and collectively (the "*Authorized Officers*"), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** That the form, terms and content of the Preliminary Official Statements be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement by the Underwriters in connection with the sale of the 2017 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the University and the Senior Vice President for Finance and Budget of the University, individually and collectively, be and they hereby are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and the use of the Official Statement by the Underwriters in connection with the sale of the 2017 Bonds with investors is hereby authorized, approved and confirmed.

Section 7. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2017 Bonds.

Section 8. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 3rd day of November, 2017.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF ORANGE

)

I, Andrea Poole, Senior Associate Vice President and Secretary of The University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on November 3, 2017, (2) notice of the meeting of the Board of Governors of The University of North Carolina held on November 3, 2017 was sent to each member of the Board, and (3) a quorum was present at the meeting on November 3, 2017 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina this ____ day of _____, 2017.

[SEAL]

Andrea Poole, Senior Associate Vice
President and Secretary
The University of North Carolina

AGENDA ITEM

A-6. Report Deregulation..... Nathan Knuffman

Situation: The UNC Policy Manual imposes reporting and data collection requirements on the University and its constituent institutions. While some of the reporting requirements are essential, many others have accumulated over a period of years, and no longer provide information that is necessary for business and performance analysis. In addition, the reporting and data collection requirements are scattered throughout the policy manual, making it difficult for institutions to comply with the requirements in an effective and efficient manner.

Background: The president's staff has undertaken a thorough review of the UNC Policy Manual as part of a project overseen by the Committee on Audit, Risk Management, and Compliance (CARMC). Some of the reporting requirements are outdated, have a compliance and regulatory focus, or are not designed to assist the Board with performance analysis. The Board recently revised its policy on reporting (UNC Policy 100.2) to provide that future data collection and reporting to the Board, University leadership, and the public, should: (1) inform decision-making; (2) be relevant to strategic priorities/goals; (3) be cost effective compared to the reporting burden; (4) support risk management and risk mitigation; and (5) go to the appropriate level (president, chancellor, BOT, BOG, or committee). Reporting requirements should also be centrally maintained by the President and easily accessible.

Assessment: The proposed policy, regulation, and guideline revisions and updates presented to the committee for review are designed to eliminate or stream-line reporting requirements consistent with the Board's policy. A description of each policy, regulation, or guideline that has been revised or is being presented to the committee for action is attached. Policies require action by the committee. Regulations and guidelines are presented for information only.

Action: The regulation and guideline revisions are for information only. The proposed revisions to UNC Policy Manual Section 800.3.1 require a vote by the committee, with a full Board vote through the consent agenda at the next meeting.



Summary of Draft Amendments to the UNC Policy Manual

UNC Policy Manual Section 800.3.1

This section of the UNC Policy Manual, titled “Legislative College Opportunity Program,” provides policy for implementing the Legislative College Opportunity Program. Session Law 1993-769, Section 17.14, which established the Legislative College Opportunity Program in 1993, required the Board of Governors to establish guidelines and rules for the program at that time. UNC Policy Manual Section 800.3.1 fulfilled the Board of Governors’ obligation to do so.

Effective July 1, 2003, the Legislative College Opportunity Act Program was consolidated into the UNC Campus Scholarships program. Session Law 2002-126, Section 9.4, titled “UNC Scholarship Programs Consolidated,” combined seven different financial aid programs to form the UNC Campus Scholarships. For the UNC Campus Scholarships program, the board of trustees of each constituent institution is required to define its particular campus goals and guidelines as it relates to distributing the financial aid for undergraduates under that program. The chancellor of each constituent institution is then required to submit its proposed guidelines to the president of the University of North Carolina. The UNC Campus Scholarships guidelines prepared by each constituent institution and submitted to the president now govern the financial aid provided under the UNC Campus Scholarships Program, and there is no provision in the UNC Campus Scholarships’ rules and regulations that the Board of Governors establish rules and guidelines for that financial aid program. As a result, General Administration staff propose that this policy be repealed. This item requires a vote by the Board of Governors.

UNC Policy Manual Section 800.3.1.1[G]

For the same reasons indicated in the above summary for UNC Policy Manual Section 800.3.1, General Administration staff propose that UNC Policy Manual Section 800.3.1.1[G], titled “Guidelines on Implementing the College Opportunity Program,” also be repealed. This item is for information only.

UNC Policy Manual Section 800.5.1[R]

UNC Policy Manual Section 800.5.1[R], titled “Regulation of Financial Aid Practices,” establishes certain safeguards related to institutional dealings with student loan providers. It requires chancellors to forward campus-based lender lists to the president annually and to notify the president of certain gifts provided by lenders to constituent institutions. Because these reporting requirements are based on requirements of the Federal Family Education Loan Program, which ended in 2010, General Administration staff propose that this regulation be amended to remove these two reporting requirements to the president. This item is for information only.

800.3.1

Adopted 11/11/94

~~Repealed~~ / /17

Legislative College Opportunity Program

The 1994 General Assembly appropriated to the Board of Governors of the University of North Carolina eight hundred thousand dollars (\$800,000) to be allocated equally among the 16 constituent institutions for the purpose of establishing a pilot program to recruit new students to enroll in college in future years who might not be able to attend college without incentives. The fund shall not revert and shall be placed in trust fund accounts, with the investment earnings to be used for the program as well.

College Opportunity Program Mission

The College Opportunity Program will recruit future students who might not otherwise finish high school or continue on to college. The program will provide financial and academic incentives that will encourage socially and economically disadvantaged students to do well in middle grades and high school and enroll in college following graduation. Improvement in academic performance, high school graduation rates, college going rates, and college graduation rates of under-performing students will be principal goals of the program.

Roles and Responsibilities

Board of Governors:

The Board of Governors shall monitor the success of the program in attracting students who otherwise might not have enrolled in a higher education institution and shall monitor the progress of these students with annual reports to the Joint Legislative Education Oversight Committee beginning May 15, 1996, and each succeeding year through 2001.

Constituent Institutions:

Each constituent institution shall recruit students in middle grades who meet the eligibility guidelines of the program. The institutions should concentrate their recruitment in the regions designated by counties, but they are not necessarily limited to that region. They will provide enrichment activities that will assist the participants to perform well in high school, to graduate and to enroll in the institution. These activities should include the monitoring of the student's academic progress both in public school and college; mentoring relationships; assistance in goal setting and career planning; academic tutoring; and opportunities for social and leadership development through interaction with parents, public school personnel, University personnel, and community leaders.

Parents or Guardians:

The program requires the involvement of parents or guardians to help create a supportive environment for the student. The program will work with the parents or guardians in helping the student gain the educational preparation necessary to perform well in college. The parents or guardians are required to monitor the academic progress of the student, to meet with program officials at least three times each year, to ensure that the student meets all eligibility requirements in order to remain in the program and graduate, to assist the student in completing all application forms for federal financial assistance during the student's senior year in high school, and to ensure the student meets school attendance requirements of the program.

College Opportunity Program Eligibility Requirements

Students considered for selection to the program must complete an application and meet the following requirements:

1. Be a North Carolina resident;

2. Be a middle grade student;
3. Have parental/guardian consent to participate in the program;
4. Be a first-generation college student and/or come from a family with an annual income that qualifies the family as disadvantaged based on federal guidelines;
5. Agree to enroll in high school courses that meet the minimum admission requirements of the Board of Governors of the University of North Carolina.
6. Commit to the guidelines and activities of the program by signing an agreement to do the following:
 - a. Maintain a "B" or better cumulative average in all schoolwork through high school graduation;
 - b. Maintain a public school attendance rate of 95% or better;
 - c. Take the Preliminary Scholastic Assessment Test (PSAT) in the 10th grade;
 - d. Take the Scholastic Assessment Test (SAT) or the ACT assessment test in the 11th and 12th grades;
 - e. Participate actively in school co-curricular activities;
 - f. Demonstrate high personal and scholastic standards;
 - g. Participate in activities that assist in achieving high academic and leadership standards;
 - h. Give at least 15 hours of approved community service during each year of program participation;
 - i. Remain drug free and alcohol free and obey the laws and regulations of the State of North Carolina;
 - j. Apply for eligible financial assistance no later than the last term of the high school senior year.

The constituent institutions may designate additional eligibility requirements in order to comply with existing regulations.

Program Awards

Each student selected to participate in the College Opportunity Program will be provided first year scholarship assistance that will cover the cost of tuition, fees, and books.

**The University of North Carolina
College Opportunity Program
Basic Recruitment Regions**

<u>INSTITUTION</u>	<u>COUNTIES IN THE REGION</u>
Appalachian State University	Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Mitchell, Watauga, Wilkes (9)
East Carolina University	Beaufort, Craven, Dare, Edgecombe, Greene, Hyde, Lenior, Martin, Pitt, Washington, Wilson, Pamlico (12)
Elizabeth City State University	Camden, Bertie, Chowan, Currituck, Gates, Hertford, Northampton, Pasquotank, Perquimans, Tyrrell, Washington (11)
Fayetteville State University	Cumberland, Harnett, Hoke, Moore, Sampson (5)
North Carolina A&T State University	Alamance, Montgomery, Caswell, Guilford, Randolph, Rockingham (6)
North Carolina Central University	Durham, Granville, Vance, Warren (4)
North Carolina School of the Arts	All Counties (100)
North Carolina State University	Franklin, Halifax, Johnston, Nash, Wake, Wayne (6)
UNC Asheville	Buncombe, Burke, Rutherford, Henderson, McDowell, Madison, Polk, Yancey (8)
UNC Chapel Hill	Chatham, Orange, Person, Lee (4)
UNC Charlotte	Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, Union (10)
UNC Greensboro	Randolph, Rockingham, Guilford, Alamance, Caswell, Montgomery (6)
UNC Pembroke	Bladen, Columbus, Richmond, Robeson, Scotland (5)
UNC Wilmington	Brunswick, Carteret, Duplin, Jones, New Hanover, Onslow, Pender (7)
Western Carolina University	Clay, Cherokee, Graham, Jackson, Macon, Swain, Transylvania, Haywood (8)
Winston-Salem State University	Davidson, Davie, Stokes, Yadkin, Forsyth, Surry (6)

800.3.1.1[G]
Adopted 10/13/94
Repealed / /17

Guidelines on Implementing the College Opportunity Program

The 1994 General Assembly appropriated to the Board of Governors of the University of North Carolina eight hundred thousand dollars (\$800,000) to be allocated equally among the 16 constituent institutions for the purpose of establishing a pilot program called the Legislative College Opportunity Program. Under this program each campus will receive \$50,000 to recruit new students to enroll in college in future years who might not be able to attend college without incentives. However, these funds, which shall not revert and should be placed in trust fund accounts, are to be used at the time the student enrolls at your institution as a freshman.

At its meeting on October 13, 1994, the Committee on Education Planning, Policies, and Programs approved the basic guidelines for the program that will be followed by each campus. These guidelines are very similar to those established by five constituent institutions that began programs of this type in fall 1993. Note that certain responsibilities have been given pertinent participants in the program. It is extremely important that each fulfills its duties for operating the program.

Each institution must develop a recruitment program, prepare an application form for completion by both student and parents/guardians, choose a campus coordinator, define the required role of the parents/guardians in creating a supportive environment for the students, and secure activities that provide community service to be performed by the student.

Basic eligibility requirements have been approved by the committee and must be met. However, an institution may wish to include additional requirements that it deems appropriate to achieving the objectives of the program as written in Senate Bill 1505. Suggested regions of recruitment have been listed for institutions to use.

Each institution is asked to review the document and establish the program no later than January 5, 1995, and submit the name of the program coordinator and propose program to the Vice President for Student Services by January 18, 1995.

Enclosed is an application form used by Fayetteville State University.

Each campus shall report annually to the President on the implementation of these guidelines. The chancellors will be expected to transmit their annual report covering the previous academic year to the UNC General Administration by April 30. The first report will be due by April 30, 1996, covering the Academic Year 95-96.

Fayetteville State University
Freshman Scholars Program Application
(PLEASE PRINT)

STUDENT INFORMATION

Name _____
Social Security # _____ - _____ Sex _____
Home Address _____
(Street) _____
(City) _____ (State) _____ (Zip Code) _____
Phone # _____ County _____ Date of Birth _____

Ethnic Group __ B=Black; W=White; P-Pacific Islander/Asian;
I=American; Indian/Alaskan Native; O=Other

School Currently Attending: _____

Current Grade (1993-94): _____

FAMILY INFORMATION

Father/Guardian: Name _____

Address _____

Occupation _____

Social Security # _____

Education Background: Years Completed (Please Circle)

High School 1 2 3 4 College 1 2 3 4

High School Attended _____

Diploma: Yes ☐ No ☐

College Attended _____

Degree: Yes ☐ No ☐

Mother/Guardian: Name _____

Address _____

Occupation _____

Social Security # _____

Education Background: Years Completed (Please Circle)

High School 1 2 3 4 College 1 2 3 4

High School Attended _____

Diploma: Yes ☐ No ☐

College Attended _____

Degree: Yes ☐ No ☐

ADDITIONAL INFORMATION

Total Family Income \$ _____

CERTIFICATION: The above information is true & complete to the best of my knowledge if asked by an authorized official, I agree to give proof of the above information. I understand that proof may include a copy of U.S. State or local income tax returns.

Student Signature/Date _____

Parent/Guardian/Date _____

Regulation on Financial Aid Practices

The purpose of the federal student loan program is to provide the best possible loan terms for students and parents who borrow to help finance higher education. Private student loans are an important additional resource for many students. Students and families must receive trustworthy, reliable guidance from our institutions about financial aid. The University's first priority in conducting business with student loan providers is the best interest of student borrowers. The following system-wide effort endeavors to provide the best possible loan terms and choices for students served by the University of North Carolina, to ensure that students are well informed of their loan choices and to avoid conflicts or the appearance of conflicts of interest by the University.

1. **Lender Advisory Boards.** Financial Aid personnel may participate on lender advisory boards for the purpose of communicating the needs of the University and its students to lenders, but these employees shall not receive any financial remuneration for their participation or from the lenders, other than meals associated with the meeting.
2. **Campus-Based Lender List.** Campuses must offer a list of lenders to students that is completely transparent and is solely based upon the best interest of the student including but not limited to interest rates, terms, fees, customer service, borrower benefits, and ease of application. Campuses must have no fewer than three lenders on a lender list. The lender list shall be prominently displayed on the campus website and provided to students during the financial aid process.
3. **Lender List Disclosure.** The process by which lenders are selected for the campus-based lender list must be fully disclosed to students. The process must be prominently displayed on the campus website and provided to students during the financial aid process. Students must be informed that they have the right to use a lender of their own choosing, will not be penalized in any way for exercising such an option and will receive assistance from the campus in processing the loan of the student's choice.
4. **Lender List Review.** Lender list status must be reviewed by the campus on an annual basis. ~~Chancellors shall forward a copy of the campus-based lender list that is provided to students, with an explanation of the process by which the list was compiled, to the President on an annual basis.~~
5. **Exclusive Lender Agreements.** Campuses and University associated entities shall not enter into any exclusive agreement with a student lender through the Federal Family Educational Loan Program, The William D. Ford Direct Lending Program, or for a private educational loan expressly for postsecondary educational expenses. Campuses with an existing exclusive agreement with the federal government shall work with the Department of Education to amend the agreement to permit participation in both the William D. Ford Direct Lending Program and Federal Family Education Loan Program.
6. **Private Loan Disclosure to Students.** Campuses that provide information to any student or parent regarding a private educational loan from a lender shall prior to or concurrent with providing such information inform the student or parent of:
 - a. the student's or parent's eligibility for assistance and loans under Title IV of the Higher Education Act; and
 - b. the terms and conditions of such private educational loan that are less favorable than the terms and conditions of educational loans for which the student or parent is eligible, including interest rates, repayment options, and loan forgiveness.Campuses providing this information shall ensure that information regarding such private educational loan is presented in such a manner as to be distinct from information regarding loans that are made, insured, or guaranteed under Title IV of the Higher Education Act.
7. **Use of Mascot, Logo, Emblem or Name by Lenders.** No lender shall be permitted to use the name, emblem, mascot, or logo of an institution, or other words, pictures, or symbols readily

identified with or marks of an institution in the marketing of private educational loans to the students attending an institution in any way that implies that the institution endorses the private educational loans offered by the lender.

8. Acceptable Gifts by University Personnel. Campuses and associated entity personnel whose duties relate to student admissions, student financial aid or student loans shall not accept gifts from a lender or consolidator of student loans, other ~~than~~ advertising items ~~those~~ of nominal value to the extent permitted by N.C.G.S. 14-234. Such University personnel shall report unacceptable gifts offered by lenders to the Campus Director of Student Financial Aid and the Chancellor's Office.

9. Professional Development Conferences and Meetings. The professional development of financial aid office personnel is encouraged. Reasonable travel, conference registration fees and other miscellaneous expenses relating to professional development conferences must be paid by the individual or campus and should be specifically approved by the traveler's supervisor as travel that will benefit the University. Reimbursement of any expenses by a lender is prohibited.

10. Lender Gifts to the University. Campuses and associated entities should not accept any gift from a lender in exchange for or as an inducement for or result of advantage, including revenue sharing arrangements, computer equipment, printing costs and other inducements or gifts from a lender under circumstances that a reasonable person would conclude the gift was in exchange or inducement for or as a result of such advantage. Any gift to the University that is accepted must be reported to and subsequently approved by the Supervisor of the person receiving the gift. If the approval is not forthcoming then the gift must be returned. ~~Chancellors shall report to the President any such gifts offered by lenders promptly.~~

11. Student Loan Consolidation Programs. Campuses and associated entities should not enter into a preferred student loan consolidation arrangement with any lender.