



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance  
October 30, 2017

## 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 \$68,000,000 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 improvements 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 \$60,945,000 of outstanding special obligation bonds issued on behalf of UNCG in 2011 may be refinanced for debt service savings. UNCG conservatively estimates that it can achieve approximately \$4,700,000 in net present value savings by refunding the 2011 Bonds, representing approximately 7.7 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 the 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.