

Authorization to Enter Into a Line of Credit Agreement – The University of North Carolina at Chapel Hill

As part of its joint Commercial Paper Program with North Carolina State University, the University of North Carolina at Chapel Hill requests authority from the Board of Governors to execute a Line of Credit Agreement in the amount of up to \$400,000,000. This Line of Credit Agreement, together with other funds available to UNC-Chapel Hill, would provide sufficient liquidity to purchase, if necessary (in the event of a failed remarketing or placement by the bond dealers), the outstanding UNC-Chapel Hill Variable Rate Bonds and outstanding Commercial Paper Bonds issued under the joint NCSU and UNC-Chapel Hill Commercial Paper Program. Therefore, this agreement would not create additional indebtedness for NCSU and UNC-Chapel Hill. As of June 30, 2006, the outstanding balance of UNC-Chapel Hill's Variable Rate Demand Bonds was \$92,230,000, and the outstanding balance of the \$500,000,000 joint Commercial Paper Program was \$133,414,000. After reviewing competitive bids, UNC-Chapel Hill is requesting that the Board enter into a Line of Credit Agreement with Wachovia Bank, National Association, in the amount of \$400,000,000.

It is recommended that the following Resolution be approved authorizing the Vice President for Finance to validate the terms and enter into the Line of Credit Agreement and to execute future extensions of the Line of Credit Agreement on substantially the same material terms as the original Line of Credit Agreement.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA AUTHORIZING A LINE OF CREDIT AGREEMENT IN
CONNECTION WITH THE VARIABLE RATE OBLIGATIONS ISSUED ON
BEHALF OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND
NORTH CAROLINA STATE UNIVERSITY AT RALEIGH