Item 1

Sale of Special Obligation Bonds – Fayetteville State University

The Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

Fayetteville State University requests that the Board issue special obligation bonds for the purpose of (1) financing the Rudolph Jones Student Center Expansion and Renovation capital project, approved by the Board of Governors on February 11, 2011 and authorized by the 2011 General Assembly in Session Law 2011-145, (2) refinancing of FSU indebtedness and refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of FSU that result in sufficient savings, and (3) paying the costs incurred in connection with the issuance of the 2013 Bonds. The 2013 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the President of the University, or his designee, in consultation with the appropriate officers at FSU, determine to be in the best interest of the University.

The issuance of bonds for the project will not exceed a par amount of $24,450,000. The project will be financed with a $315 debt service fee previously approved by the Board of Governors.

This project will renovate the 69,000 square-foot Rudolph Jones Student Center and expand the Center with a 24,000 square-foot addition. The Center will provide additional dining options, student organization and meeting space, auditorium/theatre space and centralized student services. The current Center was constructed in 1972 and expanded in 1999 to meet the needs of a campus population serving 1,600 students. The current project will provide the needed space to better serve FSU's current 6,000 students and is a key part of a comprehensive plan to increase student retention and graduation rates.

Fayetteville State University currently has an issuer credit rating of "A" by Standard and Poor's. After issuance of these bonds, it is expected FSU will maintain its rating in the "A" category.

Parker Poe Adams & Bernstein LLP is bond counsel and Davenport & Company LLC is the financial advisor.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds between the August 2013 and the October 2013 meetings of the Board.

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

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