

APPENDIX C

Sale of Special Obligation Bonds - Appalachian 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.

Appalachian State University has requested that the Board issue special obligation bonds for the purpose of (1) renovations to Anne Belk Hall, (2) renovations to Belk Residence Hall, (3) renovations and upgrades to the field hockey field, (4) refunding all or a portion of prior revenue bonds or special obligation bonds issued for the benefit of Appalachian State University that result in sufficient savings, and (5) paying the costs incurred in connection with the issuance of the 2014 Bonds. The 2014 Bonds may be issued in one or more series, 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 ASU, determine to be in the best interest of the University.

The issuance of bonds for these projects will not exceed a par amount of \$36,965,000. The renovations of Anne Belk Hall and the field hockey field will be financed with revenues from a debt service fee previously approved by the Board of Governors. Renovations to Belk Residence Hall will be financed with housing receipts.

Appalachian State University currently has an issuer credit rating of Aa3 by Moody's Investor Service. After issuance of these bonds, it is expected ASU will maintain its rating.

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Appalachian State University expects to sell the bonds competitively. Hunton & Williams is bond counsel; and First Tryon Advisors is the financial advisor.

It is recommended that the President of the University, or his designee, be authorized to sell the special obligation bonds.

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 APPALACHIAN STATE UNIVERSITY