INFORMATION ITEM: Issuance of Special Obligation Bonds and an Interim Loan for the Quad and Dining Renovations.

BACKGROUND INFORMATION:

At the December 2, 2010 Board meeting, Vice Chancellor Taylor will review the following information as well as other upcoming debt issues in depth. This is being presented to the Committee as an information item in advance of this presentation.

The 2000 Session of the North Carolina General Assembly passed a bill that allows UNC institutions to issue debt under the Board of Governors that is secured by the revenues of the institution except for tuition, state appropriations and restricted funds. This should result in a lower interest rate since multiple revenue streams are designated for repayment.

The University is planning the renovation of and addition to the Quad Residence Halls ($52,500,000) and the Dining Hall ($31,500,000). Both of these projects have been approved by the Board, including the selection of designers and the exterior elevations.

The plan is to take the Quad out of service for only one academic year, creating a narrow window of time to complete the construction. To begin construction immediately after the end of the 2011 Spring Term, the construction contracts for the Quad must be in place by the first of January in order for long lead-time components to be purchased and the subcontractors to be mobilized. The timing of the Dining Hall Renovation is slightly later with construction contracts not being in place until August.

Financing of the projects must ultimately be obtained through the issuance of bonds that will be repaid from Housing revenues and Dining Revenues. In order for the Dining Renovation to qualify for tax exempt financing, it must be combined with the Quad Renovation, due to private use related to the operation of the dining program. Because of the difference in timing, the permanent financing via a combined bond issue could not be obtained until Summer 2011. Accordingly, an interim Loan is necessary for the Quad Renovation to allow for the timely execution of the related construction contracts. The interim Loan will be liquidated with the subsequent issuance of the bonds.

The legislation that allows the Board of Governors to issue Special Obligation Bonds requires the beneficiary institution’s Board of Trustees to approve their issuance.
REQUIREMENT:

In accordance with the legislation contained in North Carolina General Statutes concerning the issuance of Special Obligation Bonds, action is needed by the Board of Trustees to approve the issuance of these bonds and the interim Loan.

RECOMMENDED ACTION:

That the Board of Trustees of The University of North Carolina at Greensboro approve the following resolution:

____________________________________
Reade Taylor
Vice Chancellor for Business Affairs

(Continued Next Page)
RESOLUTION OF THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
APPROVING THE ISSUANCE OF SPECIAL OBLIGATION BONDS
AND AN INTERIM LOAN

WHEREAS, under Article 3, Section 116D General Statutes of North Carolina (the “Act”) the Board of Governors (the “Board of Governors”) of the University of North Carolina (the “University”) may issue special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing special obligation projects at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, The University of North Carolina at Greensboro (“UNCG”) will request the Board of Governors to issue its special obligation bonds (the “Bonds”), a portion of the proceeds of which will be applied by UNCG to renovation of residence halls in the Quad on UNCG’s campus (the “Quad Renovations”) and the renovation of dining facilities on UNCG’s campus (the “Dining Renovations”), each authorized by Chapter 172 of the 2010 Session Laws of the North Carolina General Assembly (the Quad Renovations and the Dining Renovations are collectively referred to herein as the “Special Obligation Projects”);

WHEREAS, UNCG will borrow funds to finance the costs of a portion of the Quad Renovations pursuant to a loan agreement with a financial institution to be determined by the Vice Chancellor for Business Affairs (the “Loan”) in anticipation of the receipt of proceeds of the Bonds that UNCG anticipates will be issued for the Special Obligation Projects;

WHEREAS, Section 116D-26(b) of the Act requires the Board of Trustees of UNCG to approve the issuance of the Loan for the Quad Renovations and the Bonds for the Special Obligation Projects;

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

Section 1. Approval of Issuance of the Loan and the Bonds. The issuance of the Loan for the Quad Renovations and the issuance of the Bonds for the Special Obligation Projects is approved.

Section 2. Documents Authorized. The Chairman of the Board, the Chancellor and the Vice Chancellor for Business Affairs are hereby authorized, empowered and directed to do any and all other acts and to execute the Loan and any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by this Resolution and the Loan.

Section 3. Effective Date. This Resolution is effective immediately.
ADOPTED AND APPROVED this 2nd day of December, 2010.

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

By: ______________________________________

Secretary
I, __________________________, the duly elected Secretary of the Board of Trustees of The University of North Carolina at Greensboro, **DO HEREBY CERTIFY** that (1) the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of The University of North Carolina at Greensboro at its meeting of December 2, 2010 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Trustees of The University of North Carolina at Greensboro held on December 2, 2010 was sent to each member of the Board, and (3) a quorum was present at the meeting on December 2, 2010 at which time the foregoing Resolution was adopted.

**WITNESS,** my hand and the seal of The University of North Carolina at Greensboro this ____ day of December, 2010.

[SEAL]

________________________________
Secretary