Self-Liquidating Resolution/Financing Update

September 24, 2014
Agenda

• Resolution Background.
• Debt Portfolio Overview.
• UNC-Chapel Hill Debt Policy Ratios
• Peer Comparisons.
• Closing Points.
Resolution Background

• Self-liquidating capital project approval process:
  ➢ Projects approved internally by Senior Management;
  ➢ Design and site are approved by the University’s Board of Trustees;
  ➢ Projects are reviewed by UNC General Administration;
  ➢ Projects are approved by the UNC Board of Governors; and
  ➢ Projects are approved by the General Assembly.

• General statutes require Board of Trustee approval for the University to issue debt to fund capital projects.

• This year’s self-liquidating resolution includes the Chilled Water Plant at Manning Drive.

• Primary repayment funding sources for the debt for this project includes utility receipts.
# Debt Portfolio Overview

## Debt Outstanding

<table>
<thead>
<tr>
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<th>Amount ($000)</th>
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<tr>
<td>Long-Term Debt</td>
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## Credit Ratings

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<td>S&amp;P</td>
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<tr>
<td>Fitch</td>
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## Interest Mode Allocation

- Fixed Rate: $1,093,860 (78%)
- Variable Rate: $40,145 (3%)
- Synthetic Fixed: $267,765 (19%)

## Tax Mode Allocation*

- Tax-Exempt: $853,390 (61%)
- Taxable: $548,380 (39%)

* Tax Mode Allocation is shown on a pro forma basis reflecting the upcoming Series 2014 transaction.
Expendable Resources to Debt

![Expendable Resources to Debt Graph](image-url)
# Expendable Resources to Debt - Peer

<table>
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<tr>
<th>Institution</th>
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<th>2012</th>
<th>2013</th>
<th>Moody's Median</th>
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Note: Source data is based on information from Moody’s Investors Service.
# Debt Service to Operations - Peer

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<th>Moody's Median</th>
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</table>

Note: Source data is based on information from Moody’s Investors Service.
Subject resolution supports the issuance of debt for a project that has been cultivated as a part of the University’s campus master planning process.

Repayment sources for associated debt have been identified at the project level.

Debt capacity, as defined by the desire to maintain our current bond ratings, is based upon both qualitative and quantitative measures.

The University remains relatively leveraged (in terms of its balance sheet ratio measure) in comparison to its Moody’s Aaa public peers (Qualitative factors play a significant role in our bond ratings).

The University actively manages its debt portfolio to industry/peer best practices.

Based on the University’s leverage profile, it is important to reserve the University’s debt capacity for projects that are strategic to the University’s mission and that have an established source of repayment.