



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

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

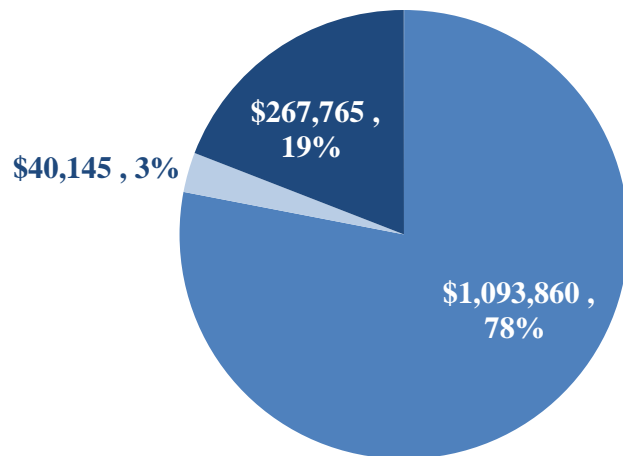
Debt Outstanding

Long-Term Debt (\$000)	\$1,388,770
Short-Term Debt (\$000)	<u>\$18,000</u>
Total	\$1,406,770

Credit Ratings

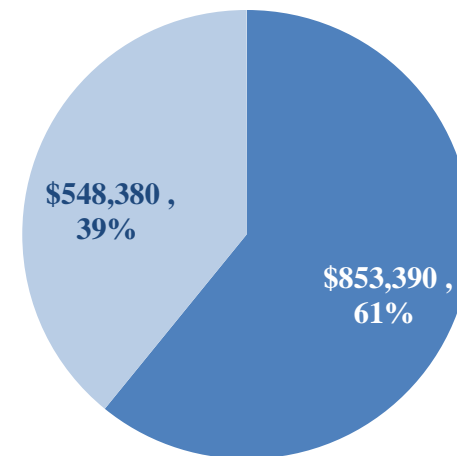
Moody's	Aaa (Stable) / P-1
S&P	AAA (Stable) / A-1+
Fitch	AAA (Stable) / F1+

Interest Mode Allocation



■ Fixed Rate ■ Variable Rate ■ Synthetic Fixed

Tax Mode Allocation*

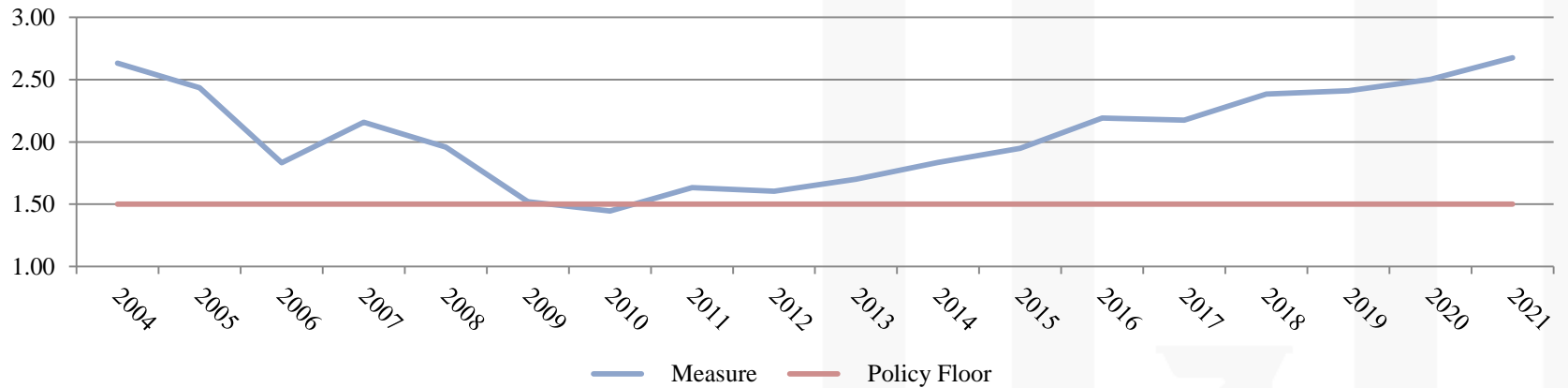


■ Tax-Exempt ■ Taxable

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



Expendable Resources to Debt



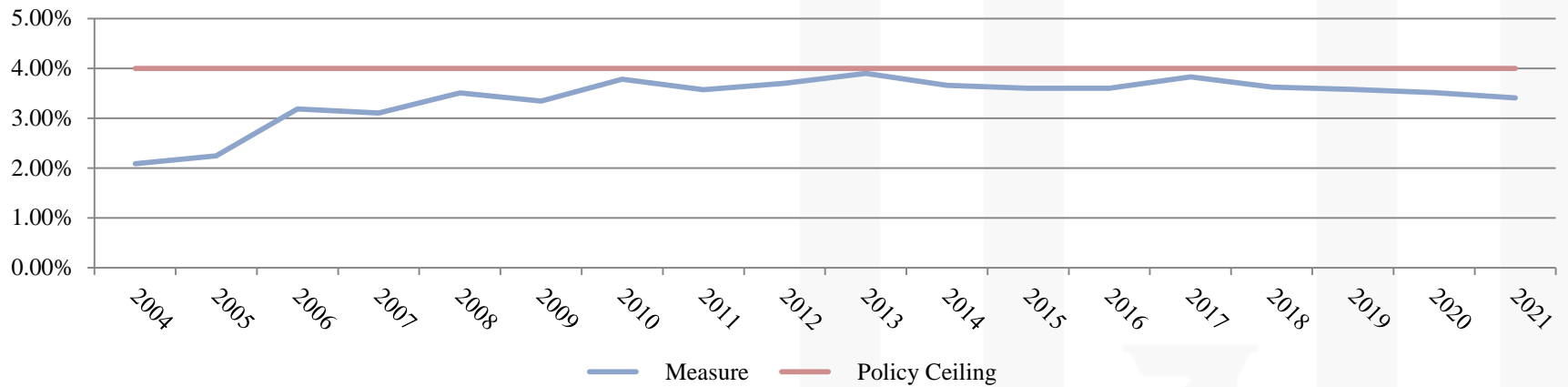


Expendable Resources to Debt - Peer

Expendable Resources to Debt					
Institution	Rating	2011	2012	2013	Moody's Median
University of Virginia	Aaa	3.5	3.6	4.0	2.3
University of Michigan	Aaa	3.6	3.2	3.6	2.3
Purdue University	Aaa	2.5	2.6	2.7	2.3
Indiana University	Aaa	2.1	2.2	2.4	2.3
Texas A&M University System	Aaa	2.0	1.9	2.2	2.3
University of North Carolina at Chapel Hill	Aaa	1.6	1.6	1.6	2.3
University of Texas System	Aaa	1.5	1.5	1.6	2.3
University of Washington	Aaa	1.7	1.5	1.5	2.3
University of Kansas	Aa1	2.5	2.9	3.6	1.8
University of Nebraska	Aa1	2.3	2.5	2.9	1.8
University of Utah	Aa1	2.3	2.2	2.3	1.8
University of Minnesota	Aa1	2.1	2.2	2.1	1.8
University of Delaware	Aa1	2.3	2.0	2.0	1.8
University of Pittsburgh	Aa1	1.7	1.8	1.8	1.8
University System of Maryland	Aa1	1.6	1.8	1.8	1.8
Michigan State University	Aa1	2.0	1.8	1.7	1.8
State University of Iowa	Aa1	1.8	1.8	1.6	1.8
University of Missouri System	Aa1	1.2	1.3	1.3	1.8
Virginia Polytechnic Institute & State University	Aa1	1.1	1.0	1.1	1.8
North Carolina State University at Raleigh	Aa1	1.1	1.3	1.1	1.8
Ohio State University	Aa1	1.0	0.9	0.9	1.8



Debt Service to Operation





Debt Service to Operations - Peer

Debt Service to Operations					
Institution	Rating	2011	2012	2013	Moody's Median
University of Michigan	Aaa	1.24	1.76	2.15	3.92
University of Washington	Aaa	2.55	2.70	2.72	3.92
Indiana University	Aaa	4.46	3.59	3.50	3.92
University of North Carolina at Chapel Hill	Aaa	3.88	3.65	3.87	3.92
University of Texas System	Aaa	4.12	4.21	3.96	3.92
University of Virginia	Aaa	4.70	3.39	4.64	3.92
Purdue University	Aaa	3.79	4.56	5.48	3.92
Texas A&M University System	Aaa	5.61	8.99	6.56	3.92
University of Utah	Aa1	2.91	2.29	1.99	3.38
North Carolina State University at Raleigh	Aa1	2.17	2.66	2.31	3.38
Michigan State University	Aa1	3.42	2.85	2.68	3.38
University of Missouri System	Aa1	3.08	3.04	3.01	3.38
State University of Iowa	Aa1	2.88	3.20	3.07	3.38
University of Nebraska	Aa1	4.25	4.29	3.38	3.38
Ohio State University	Aa1	2.47	3.54	3.44	3.38
University System of Maryland	Aa1	3.21	3.32	3.63	3.38
University of Minnesota	Aa1	2.37	3.60	3.76	3.38
University of Pittsburgh	Aa1	3.45	3.39	3.98	3.38
Virginia Polytechnic Institute & State University	Aa1	3.98	3.83	3.98	3.38
University of Delaware	Aa1	2.58	2.92	N/A	3.38
University of Kansas	Aa1	3.08	3.25	N/A	3.38

Note: Source data is based on information from Moody's Investors Service.



Closing Points

- 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.