

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 26

DATE:

June 22, 2023

RECOMMENDATION

INTEREST RATE SWAP EXTENSION

ACTION REQUESTED

It is recommended that the Board of Regents approve and authorize the President or his designee to finalize and sign an extension on the University's Total Return Swap (TRS) with Barclays Capital, per the attached Resolution.

STAFF SUMMARY

The University has historically utilized various interest rate swap financial instruments to provide synthetically fixed interest rates on the University's debt. In 2018, the University issued the 2018B series of bonds valued at \$155 million, and entered into the TRS agreement with Barclays, which terminates on September 1, 2023.


The new terms of the TRS includes (1) a five year extension through June 30, 2028 and (2) a transition from the use of a risk assessed spread from LIBOR (London Interbank Offered Rate) to a risk assessed spread from SOFR (Secured Overnight Financing Rate), which is widely replacing LIBOR as of June 30, 2023.

FISCAL IMPLICATIONS

The University will maintain its routine bi-annual swap payments with Barclays. Swap payments are expected to be consistent with prior years, with slight variations due to the change to SOFR and other fees associated with the extension terms.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.


University Executive Officer

Jun 22, 2023
Date