

## APPENDIX E

### Authorization to Enter Into a Swap Agreement – North Carolina State University

In the past, the Board of Governors has approved the ability for institutions to engage in “swaps” or similar agreements when it has approved the issuance of debt. Financial Advisors seek opportunities to *swap* variable rate debt for fixed rate debt when fixed rates are low and it is financially beneficial to do so. North Carolina State University is reviewing proposals to swap variable rate bonds issued earlier this year and lock in a fixed rate. It is estimated that as a result locking into a fixed rate in the future, the University will save approximately 20 basis points over the fixed rate that would have been achieved when the bonds were issued. The bond documents require approval of the Board of Governors before this *swap* can occur.

It is recommended that the following resolution be approved authorizing the Vice President for Finance to execute a Swap Agreement for North Carolina State University’s Variable Rate General Revenue Bonds, Series 2003B when it is found that such an agreement will achieve significant savings as compared to other products available in the debt market and enhance investment returns within prudent risk guidelines.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE  
UNIVERSITY OF NORTH CAROLINA AUTHORIZING THE  
EXECUTION AND DELIVERY OF AN INTEREST RATE SWAP  
AGREEMENTS FOR NORTH CAROLINA STATE UNIVERSITY  
AT RALEIGH

It is further recommended that when any constituent institutions has the authority to *swap* debt approved by the Board in original bond documents and a campus can achieve savings by executing a swap, the Vice President for Finance will have the authority to execute the necessary agreements to effect the swap.