F–10

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Internal Lending Program Quarterly Report for the Quarter Ended March 31, 2012

For information only.

Attachment
Internal Lending Program Quarterly Report, Quarter Ended March 31, 2012

Average Cost of Debt 4.3%

Internal Lending Program Quarterly Report

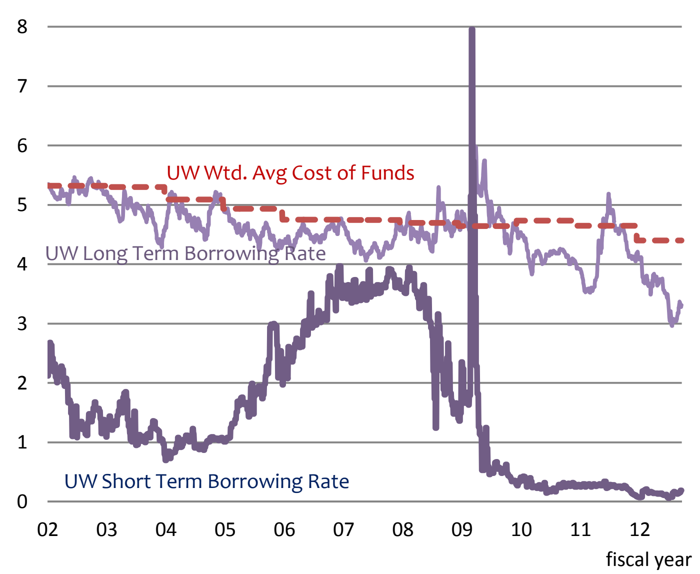
Quarter Ended March 31, 2012

(dollars in millions)

Internal Lending Rate 5.5%

Interest Rates

Uncertainty surrounding Europe has created a low interest rate environment with investors looking for a safe place to invest. If the UW issued long-term tax exempt bonds today, the overall rate would be between 2.8% and 3.3%.



External Borrowing

The University borrowed $268 million in March 2012 at an all-in rate of 3.67%. The proceeds were used to pay off $75 million in commercial paper issued earlier in the fiscal year, refund $62 million in existing debt and provide capital funding for authorized projects.

Type of Debt	Issued FY12	Total Outstanding	Wtd. Avg Rate	Wtd. Avg Maturity (yrs)
Commercial Paper	0	25	0.1%	0.18
Variable Rate	0	0	n/a	n/a
Fixed Rate	503	1,143	3.9%	16.47
ILP Total	**503**	**1,168**	**3.8%**	**16.12**
Non-ILP Debt	**12**	**931**	**4.8%**	**14.73**
Total Debt	**515**	**2,099**	**4.3%**	**15.51**

Non-ILP outstanding includes $457 million for Valley & NW Hospital debt.

Internal Lending

The large increase in internal lending for the Service mission is mainly due to converting $108 million of non-ILP debt to ILP debt, Housing & Dining projects ($73 million), and HUB Renovation ($45 million).

	By Mission			
	Education	**Research**	**Service**	**Total**
Beginning Bal Jul-11	**113**	**111**	**609**	**833**
Additions	6	25	244	**275**
Reductions	(12)	(8)	(14)	**(34)**
Annual Activity	**(6)**	**17**	**230**	**241**
Total Receivable	**107**	**128**	**839**	**1,074**

Cash Position

Net debt proceeds reflect the debt issuances less project funding for the fiscal year to date.

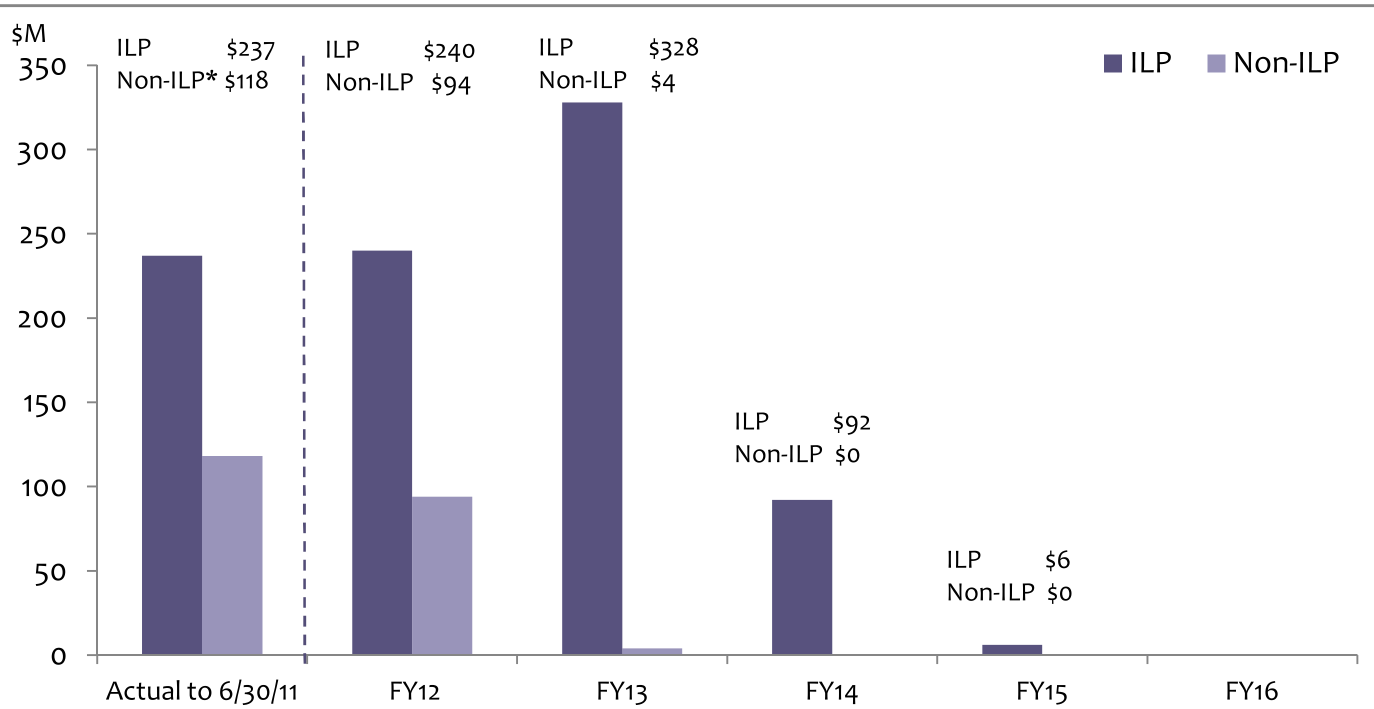
Beginning Balance Jul-11	$51.2
Internal Debt Service	69.6
External Debt Service	(40.8)
Net Debt Proceeds	183.3
Expenses	(0.3)
Ending Balance Mar-12	**$263.0**

Funding Status for Approved Projects - by Project and Source

Project Name	Date Approved	Current Budget	ILP	Non-ILP	Spent to Date (all sources)
Bothell Sports Field	Jun-11*	4	2	2	0%
Bothell Student Housing Acquisition	Feb-11	13	13	0	86%
ECC Renovation	Jul-09	15	14	1	31%
Housing Phase 1	May-09	151	150	1	82%
Housing Phase 2 - excludes site 30W	Feb-11	195	189	6	13%
HUB Renovation	Jul-09	119	113	6	68%
Husky Stadium Renovation	Nov-10	251	221	30	20%
Husky Stadium Renovation Increase	Jun-11	11	11	0	0%
J-Wing	Jul-08	19	11	8	100%
Molecular Engineering	Jun-09	76	18	58	87%
Tacoma Phase 3	May-10	54	5	49	77%
UWMC Expansion Phase 1	Feb-08	166	156	10	80%
UWMC Expansion Phase 1 Increase	Jan-10	45	0	45	84%
Total		**1,119**	**903**	**216**	**53%**

*approved under delegated authority.

Funding Forecast for Approved Projects - by Source



*Excludes Washington Biomedical Research Facilities debt issued for SLU 3.1 ($165M par)