

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Internal Lending Program Quarterly Report for the Quarter Ended December 31, 2011

For information only.

Attachment

Internal Lending Program Quarterly Report, Quarter Ended December 31, 2011

Average
Cost of
Debt
4.3%

Internal Lending Program Quarterly Report

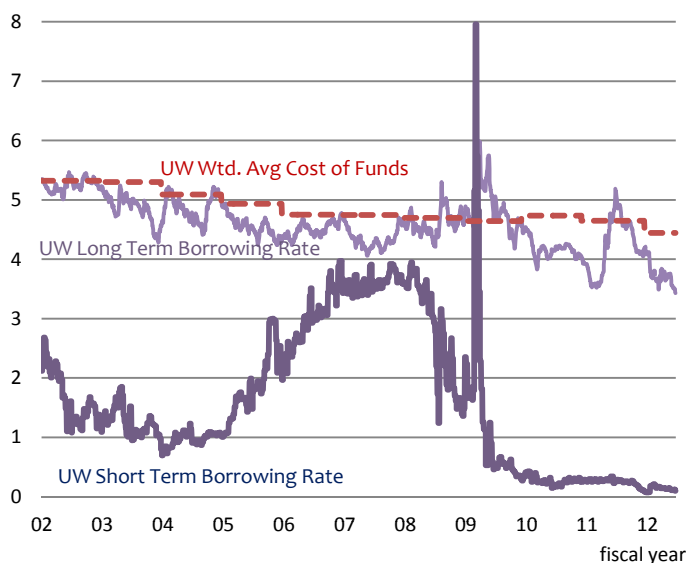
Quarter Ended December 31, 2011

(dollars in millions)

Internal
Lending
Rate
5.5%

Interest Rates

Interest rates are at or near historic lows. A lack of supply, funds coming into the municipal market, and uncertainty surrounding other investments (e.g. Europe) has created this low interest rate environment. If the UW issued long term tax-exempt bonds today, the overall rate would be between 3.0 to 3.5%.



External Borrowing

The University borrowed \$211 million in July 2011 at 3.88% and \$75 million in CP in December 2011 at a rate of 0.18%. Non-ILP debt increased by \$344 million due to Valley Medical Center debt being included in the University's outstanding debt.

Debt Issued to Fund ILP	Issued FY12	Total Outstanding	Wtd. Avg Rate	Wtd. Avg Maturity (yrs)
Commercial Paper	75	125	0.17%	0.21
Variable Rate	0	0	n/a	n/a
Fixed Rate	228	903	4.1%	15.95
ILP Total	303	1,028	3.7%	14.03
Non-ILP Debt	6	959	4.9%	14.09
Total Debt	309	1,987	4.3%	14.06

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

Internal Lending

The large increase in internal lending for the service mission is due to converting \$81 million of non-ILP debt to ILP debt.

	By Mission			Total
	Education	Research	Service	
Beginning Bal Jul-11	113	111	609	833
Additions	1	2	166	169
Reductions	(5)	(6)	(9)	(20)
Annual Activity	(4)	(4)	157	149
Total Receivable	109	107	766	982

Cash Position

The large cash balance is due to project proceeds from 2011A GRB issue and from the issuance of \$75 million in commercial paper. Between July and December 2011, the ILP funded about \$15 million per month from project proceeds.

Beginning Balance Jul-11	\$51.2
Internal Debt Service	40.5
External Debt Service	(34.8)
Net Debt Proceeds	66.6
Expenses	(0.4)
Ending Balance Dec-11	\$123.1

Approved Funding - by Project and Source

Project Name	Date Approved	Current Budget	ILP	Other	Spent to Date (all sources)
Bothell Sports Field	Jun-11*	4	2	2	0%
Bothell Student Housing Acquisition	Feb-11	13	13	0	85%
ECC Renovation	Jul-09	16	15	1	20%
Hall Health Renovation	Jul-09	11	8	3	77%
Housing Phase 1	May-09	164	164	0	68%
Housing Phase 2 - excludes site 30W	Feb-11	217	217	0	8%
HUB Renovation	Jul-09	128	117	11	47%
Husky Stadium Renovation	Nov-10	260	210	50	6%
Husky Stadium Renovation Increase	Jun-11	11	11	0	0%
J-Wing	Jul-08	24	16	8	83%
Molecular Engineering - ICR only	Jun-09	25	20	5	25%
Pediatric Dentistry	Mar-08	17	11	6	96%
Tacoma Phase 3 - ILP only	May-10	54	6	48	70%
UWMC Expansion	Feb-08	170	160	10	95%
UWMC, Phase 1 Increase	Jan-10	45	0	45	6%
Total		1,159	970	189	41%

*approved under delegated authority.

Funding Forecast for Approved Projects - by Source

