July 12, 2011

TO: Vice Provosts, Vice Presidents, Chancellors, Deans, Directors, and Chairs

FROM: Doug Breckel

Associate Vice President

RE: Fiscal Year 2011 Invested Funds’ Distributions

The Invested Funds are the commingled operating monies of the University which enable the University to meet its financial obligations as they come due. Campus depositors have access to their funds upon demand with principal guaranteed by the University. In 1989, when the Board of Regents established the current structure, Invested Funds’ balances totaled less than $200 million; balances now exceed $1.7 billion.

The Treasury Office’s goal is to enhance portfolio returns while providing stable and predictable distributions to campus. While the continuing low interest rate environment precludes us from distributing our long-term payout objective of 4.25%, distributions to campus for Fiscal Year 2011 will be 2%, exceeding short-term Federal rates. For the fiscal year ended June 30, 2011, both the Federal Funds Rate and the 3-month London Interbank Offered Rate (Libor) averaged less than one-half of one percent. Average yields on two-year U.S. Treasuries ranged from 0.3%–1.4%.

The University’s liquidity position remains strong. You will continue to have ready access to your funds and guaranteed principal from the University.

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**Fiscal Year 2011 Invested Funds Distribution Rates**

<table>
<thead>
<tr>
<th>Primary Funds in Rate Pool</th>
<th>Rate</th>
<th>Rate Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>UWMC plant funds, self-sustaining units, endowment suspense, gifts for construction, student fee accounts</td>
<td>2.0%</td>
<td>Campus Depositors’ Rate</td>
</tr>
<tr>
<td>Current Use Gift Accounts and Endowment Operating Accounts</td>
<td>3.0%</td>
<td>Advancement Rate</td>
</tr>
</tbody>
</table>

Consistent with UW policy to support Advancement efforts, Advancement received their budgeted 3% rate on current use gift account and endowment operating budget balances.

Distributions for Fiscal Year 2011 were made in late June. If you have questions, please contact Lisa Edlin at (206) 685-8030.

cc: Department Administrators