

Semi-Annual Debt Report

March 2025

Recent Events (as of 3/1/2025)

- As of February 27, the University's borrowing cost was 4.51% ⁽²⁾. This is a 17 basis point (0.17%) decrease from the last report. The Federal Reserve has held the federal funds rate at a target range of 4.25% to 4.50% since December 2024. The futures market estimates a 96% chance the Federal Reserve will not change the federal funds target range at the March meeting.
- In February 2025, the University sold \$245 million of General Revenue and Refunding Bonds (2025A), securing an all-in interest rate of 3.51%. \$72 million was issued to fund UW Medicine Small Works Budgets, UWMC ML Membrane Repair, UWMC NW Digestive Health Clinic and Endoscopy Center; remaining funds refinanced existing bonds. The refinancing portion of the transaction will reduce the University's debt service by \$18 million over the life of the bonds. If market conditions remain favorable, the University may be in the market with additional refunding candidates.
- The University was downgraded by Moody's from Aaa (negative outlook) to Aa1 (stable outlook). The downgrade was driven by "a thin operating performance that is expected to persist over several years as the University manages rising expense pressures and as its healthcare enterprises recover gradually from earlier years' poor performance." Standard & Poor's (AA+ stable) rating was affirmed.
- Currently, no draws have been made on the University's \$100 million variable rate line of credit. This line expires September 30, 2027.
- The 2023 FAST loan program is sized at \$40 million and will expire September 30, 2028. As of February 28, \$5.5 million is outstanding under this agreement. The total outstanding balance of FAST loans (including prior FAST agreements) is \$22.8 million.

Estimated Future Funding

FY 2025-2029 (\$ in millions)

Active Board Approved Projects ^(A)	\$ 266
On Capital Budget - Pending Board Action	\$ 80
Uncommitted Debt Capacity (FY 2025-2029)	\$ 279

Total Debt Funding \$ 625

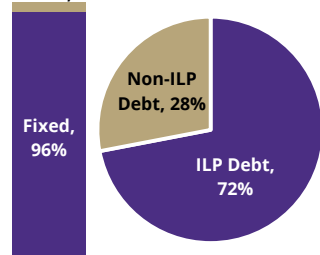
(A) Total reflects debt funding from FY25-29 for authorized projects such as Destination One, CoEng Interdisciplinary Building, UWMC ML OR Expansion, UWMC ML Membrane Repair, UWM Small Works Budgets, UWMC ML Roof & Chiller Replacement, and UWMC NW Digestive Health Clinic and Endoscopy Center.

- An updated debt capacity estimate will be presented to the Board in May 2025.
- Additional capacity from the Capital Assets Pool (CAP) is recalculated quarterly as the value of the Invested Funds (IF) changes and principal owed to the CAP is repaid. As of December 31, 2024, the available capacity for capital projects was \$95 million.
- CAP utilizes institutional liquidity but alleviates the need for external borrowing.

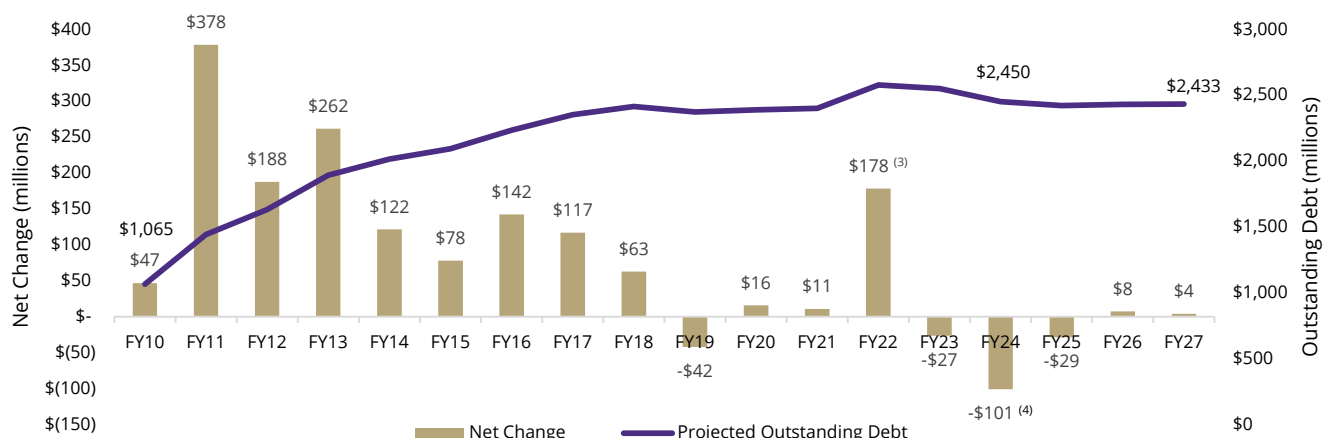
External Debt Portfolio (as of 12/31/2024) ⁽¹⁾

- The University has **\$2,407 million** of external debt outstanding. This is \$44 million lower than June 2024's outstanding balance due to principal retired.
- The weighted average cost of the external debt profile is 3.44% ⁽¹⁾.
- Between 2013 and 2018 outstanding debt grew by 5.0% annually. From 2019 through 2024 outstanding debt grew by 0.6% annually. Based on revised capacity estimates, outstanding debt is expected to remain level through 2029.
- \$130 million of internal funding from the CAP is excluded from the external debt portfolio since it is funded through internal IF balances.
- Variable rate debt includes \$90.7 million 2022C term rate bonds.

Variable, 4%



Debt Activity Chart



(1) Does not reflect 2025 bond issuance, which is expected to close in March 2025.

(2) 80/20 weighting between tax-exempt (assumes 5% coupons and a 10-year par call) and taxable 30-year interest rates to illustrate the University's portfolio.

(3) FY22 increase in outstanding debt is due to FHCC Promissory Note.

(4) Decline due primarily to unit prepayments prior to long term FT debt takeout and 2024B tender.

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Outstanding External Debt as of 12/31/2024

(in millions)

Project	Purpose	Balance ⁽²⁾	Final Maturity	% by Purpose
AAALAC	Instruction and Research	13.8	2035	Instruction and Research 16.4%
Animal Research and Care Facilities	Instruction and Research	75.4	2047	
Ben Hall	Instruction and Research	10.7	2037	
CoEng Interdisciplinary Building	Instruction and Research	0.0	TBD	
Dempsey Hall	Instruction and Research	28.5	2041	
Denny Hall	Instruction and Research	12.4	2046	
Foege Building	Instruction and Research	12.9	2031	
Health Sciences Education Building	Instruction and Research	22.4	2042	
Kincaid Hall	Instruction and Research	25.4	2046	
Life Sciences Building	Instruction and Research	97.8	2049	
Molecular Engineering Building	Instruction and Research	66.3	2043	
UW Bothell Phase 3	Instruction and Research	19.6	2043	
William H. Gates Law School	Instruction and Research	6.2	2028	
Other Instruction and Research	Instruction and Research	2.2	various	
Subtotal Instruction and Research		\$393.7		UW Medicine 34.8%
Destination One	UW Medicine	98.8	2035	
FHCC Promissory Note	UW Medicine	110.2	2032	
NW Hospital	UW Medicine	43.6	2033	
NWH Childbirth Center	UW Medicine	20.9	2041	
South Lake Union (Ph I, II, 3.1, & 3.2)	UW Medicine	251.6	2048	
UWMC Expansion	UW Medicine	160.9	2046	
UWMC ML Membrane Repair	UW Medicine	20.9	2045	
UWMC ML OR Expansion	UW Medicine	12.2	2049	
UWMC ML Roof & Chiller Replacement	UW Medicine	9.2	2045	
UWMC NW Digestive Health Clinic and Endoscopy Center	UW Medicine	0.7	2045	
UWMC Surgery Pavilion	UW Medicine	3.0	2028	
UWM Small-Works Budgets ⁽²⁾	UW Medicine	98.3	various	
Other UW Medicine	UW Medicine	8.3	various	Student Life 25.1%
Subtotal UW Medicine		\$838.5		
Bothell Student Center	Student Life	13.7	2046	
Ethnic Cultural Center	Student Life	9.8	2043	
HFS Expansion	Student Life	465.6	2049	
Husky Union Building	Student Life	78.6	2043	
IMA Building	Student Life	14.8	2030	
SAF IMA Pool	Student Life	4.5	2032	
UW Tacoma YMCA	Student Life	9.3	2046	
Other Student Life	Student Life	8.5	various	
Subtotal Student Life		\$604.7		Academic Support 12.1%
4225 Roosevelt	Academic Support	6.5	2029	
4545 Building	Academic Support	7.2	2036	
Cobb Building	Academic Support	25.6	2045	
Finance Transformation	Academic Support	127.1	2038	
HR Payroll Modernization	Academic Support	12.0	2027	
UW Tower	Academic Support	66.2	2037	
West Campus Utility Plant	Academic Support	21.7	2047	
Other Academic Support	Academic Support	24.8	various	Athletics 9.2%
Subtotal Academic Support		\$291.1		
Husky Ballpark	Athletics	11.0	2045	
Husky Stadium	Athletics	210.2	2045	Unallocated 2.4%
Subtotal Athletics		\$221.2		
Available Proceeds	Unallocated	57.3	TBD	
Total University Outstanding Debt		\$2,407		100%

⁽¹⁾ Does not reflect 2025 bond issuance, which is expected to close in March 2025.

⁽²⁾ Estimated allocation. Will not exactly match ILP balances reflected in the Annual ILP report due to bond premium and use of the CAP and FAST programs.

⁽³⁾ The Board approved UWM Small-Works Budgets totaling \$201.4 million for FY21-FY25.