

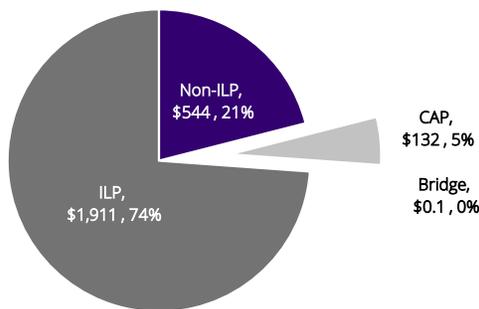
# Annual ILP Report

As of 3/31/2021  
(dollars in millions)

- As a result of recent bond refinancings, the University will pay \$49 million less in debt service payments over the life of the bonds (2021-2042). Additionally, the portfolio weighted-average cost of funds decreased by 0.28% to 3.33%.
- The 2021 General Revenue Bond proceeds paid off \$25 million in outstanding tax-exempt commercial paper and will fund construction of the Childbirth Center at the UW Medical Center Northwest campus, Destination One, Kincaid Hall, and other Board-approved projects.
- The Treasury Office is working with ILP borrowers to assess COVID-19 financial impacts and develop strategies to assist them as their revenues are disrupted and temporarily impaired. Treasury has implemented specific mitigation strategies to assist ILP borrowers:
  - Reduced ILP rate to 4.25% in FY20 and reducing to 3.75% in FY22 (subject to Board approval)
  - FY21 debt service deferral (ICA)
  - Short-term borrowing to preserve unit reserves (HFS)
  - Ongoing assessment via the Quarterly Borrower Risk Report (ICA, HFS, UWM CCE, UWT)
  - Establishment of a \$200 million line of credit program
- \$73.6 million** of project expenses were funded between 7/1/2020 and 2/28/2021 for the Childbirth Center at the UW Medical Center Northwest campus, Destination One, and Kincaid Hall. These project costs were funded from 2019 and 2020 General Revenue Bond proceeds and commercial paper.
- In March 2021, Treasury issued \$25 million in tax-exempt commercial paper for funding of Finance Transformation project expenditures.

## Internal Debt Summary

**Total Outstanding Balance: \$2.59 billion**  
**Internal Borrowing Rate: 4.25%**



### ILP (including CAP)

- The Internal Lending Program (ILP) outstanding balance as of 12/31/2020 totaled \$2.04 billion. This total includes the Capital Assets Pool Program (CAP).
- The ILP currently consists of 74 individual loans.
- Loans are funded through a combination of external debt and internal reserves (see Overview of Reserve Programs).

### Non-ILP

Non-ILP debt includes (but is not limited to):

- South Lake Union (\$315 million)
- MolE Interdisciplinary Academic Building (\$54 million)
- Dempsey Hall (\$34 million)
- Cobb Building (\$29 million)
- HR/Payroll Modernization (\$25 million)

## Capital Assets Pool (CAP)

Invested Funds (IF) Balance (as of 12/31/2020)	\$3,139.0
Target Allocation (10%)	\$313.9
Current Outstanding CAP Balance	\$132.4
<b>Allocation Remaining</b>	<b>\$181.5</b>

- Capacity is recalculated as the value of the Invested Funds changes and principal is repaid. Target allocation is 10% of the Invested Funds balance, less outstanding CAP loans as of 12/31/2020.
- Funds are borrowed through the ILP.
- As of January 2019, the Supplemental Retirement Funds was removed from the IF, reducing future CAP balances by \$31 million.

Note: Internal (due to the ILP) and external (due to the IF) CAP balances may differ slightly due to timing differences.

## ILP Borrowers

Department	Loan Balance	Compliance as of 12/31/20 <sup>(1)</sup>	Risk Assessment <sup>(4)</sup>
Housing and Food Services <sup>(1)</sup>	\$688.1	No	High Risk
Central	\$505.0	N/A	N/A
Clinical Enterprise <sup>(1)</sup>	\$410.4	FSP <sup>(2)</sup>	High Risk
Intercollegiate Athletics <sup>(1)</sup>	\$242.5	No	High Risk
Student Life	\$143.4	Yes	Low Risk
UW Tacoma	\$34.2	No	High Risk
UW Bothell	\$10.6	Yes <sup>(3)</sup>	Low Risk
School of Dentistry	\$9.4	N/A	N/A
<b>Total at 12/31/2020:</b>	<b>\$2,043.6</b>		

(1) Financial covenants are currently suspended.

(2) FSP indicates unit in Financial Stability Plan.

(3) UWB Husky Village to be redeveloped beginning in Fall 2021; currently below 1.25x DS coverage and the minimum reserve requirement due to transition to new project.

(4) Risk assessment as detailed and defined in the unit Quarterly Borrower Risk Reports.

Low Risk Medium Risk High Risk

## Other Lending Programs

Program Name	Total Capacity	Committed	
		Capacity	Remaining Capacity
Bridge Program <sup>(1)</sup>	\$60.0	\$47.2	\$12.8
FAST Program 2014 <sup>(2)</sup>	-	\$0.7	N/A
FAST Program 2017 <sup>(2)</sup>	-	\$21.7	N/A
FAST Program 2020 <sup>(2)</sup>	\$40.0	\$7.9	\$32.1
FASTER	\$10.0	\$2.0	\$8.0
Line of Credit	\$200.0	-	\$200.0
UHAP <sup>(3)</sup>	\$3.0	\$2.5	\$0.5

(1) The Bridge Program provides funding to manage timing differences between gift and project cash flows. Approved Bridge projects include: Bill & Melinda Gates Center for Computer and Engineering, Parrington Hall, ICA Performance Center, Mackenzie Hall, and Founders Hall. Bridge is funded using balance in the CAP program.

(2) Financing Assets in the Short Term (FAST) provides short term borrowing at market-based rates. Approved projects include HFS Oak Hall, School of Medicine MRI, SAF IMA Pool, and Sandpoint Library.

(3) University Housing Assistance Program (UHAP) is a three year pilot program that offers down payment assistance to faculty seeking homes.