



UNIVERSITY OF WASHINGTON

OFFICE OF THE TREASURER OF THE BOARD OF REGENTS

July 31, 2008

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

FROM: V'ella Warren, Treasurer of the Board of Regents

RE: Fiscal Year 2008 Invested Funds' Distribution Rates

Distribution rates for fiscal year 2008 are detailed below. As in the prior year, campus depositors will receive distributions at the single blended rate of 4.25%. This rate is based upon our net long term total return expectations for the Invested Funds. Royalty funds continue to receive the base rate of 1% and Development 3%.

The Invested Funds are the commingled operating monies of the University, and as such enable the University to meet its financial obligations as they come due. Campus depositors have access to funds upon demand with principal guaranteed by the University. When the Board of Regents established the current Invested Funds structure, Invested Funds was less than \$200 million. Today, the Invested Funds exceeds \$1.3 billion.

A thorough examination of the asset allocation, spending and distribution policy of the Fund commenced last year. Stabilizing future distributions to campus is a key objective of the Invested Funds assessment. Over the five most recent fiscal years, distributions to campus depositors ranged from 2.9% to 6.3%. Enhancing long term performance is a second key objective. Total return for FY08 was 5.3% before administrative fees. It is our expectation that strategy and policy changes implemented in the Invested Funds over the next several years will be of continuing benefit to campus.

Primary Funds in Rate Pool	Department/Budgets Receiving Income	Rate	Rate Description
Endowment Suspense, Metro Tract, UWMC Plant Funds, Self-sustaining units, gifts for construction, student fee accounts	Office of Development, Metro Tract, budgets holding funds	4.25%	Campus depositors' rate
Royalty funds	Credited to budgets holding funds	1.00%	Base rate
Current use gift budgets	Office of Development	3.00%	Development rate

Distributions for FY '08 were made in late June. If you have questions, please contact Judy Peterson at 543-3524.

cc: Department Administrators