

Annual ILP Report

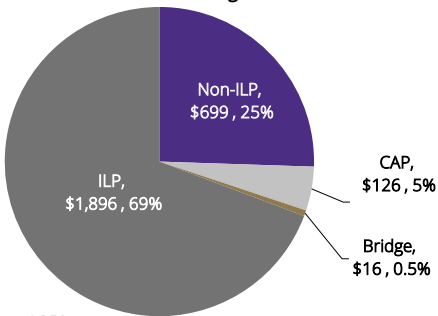
As of 12/31/2022

(dollars in millions)

- The current ILP rate is 4.00% which is estimated to be below the University's current external borrowing rate of 4.68%. Borrowing at external rates higher than the ILP rate lowers ILP sufficiency.
- The portfolio weighted-average cost of external debt is 3.30% as of December 2022. The University will not borrow until FY24 due to having sufficient proceeds on hand to fund projects until then.
- The School of Dentistry loan for the Washington Dental Service Building for Early Childhood Oral Health was paid off July 2022. Kincaid Hall and NWH Childbirth Center completed drawing June 2022.
- \$92 million of project expenses were funded in FY22 for the Childbirth Center, Destination One, Kincaid Hall, the Health Sciences Education Building, UWM Small Works Budgets, and Finance Transformation. Through December 2022 (FY23), \$58 million of project expenses were funded for Destination One, the Health Sciences Education Building, UWM Small Works Budgets, and Finance Transformation.

Internal Debt Summary

Total Outstanding Balance: \$2.74 billion
Internal Borrowing Rate: 4.00%



ILP (including CAP)

- The Internal Lending Program (ILP) outstanding balance as of December 31, 2022 totaled \$1.91 billion. This total includes the Capital Assets Pool Program.
- The ILP currently consists of 68 individual loans.
- Loans are funded through a combination of external debt and internal reserves (see Overview of Reserve Programs).
- Founders Hall Bridge loan to began funding from CAP in February 2022 (up to \$32 million authorized).

Non-ILP

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

- South Lake Union (\$283 million)
- FHCC Promissory Note (\$140 million)
- Finance Transformation (\$70 million)
- MoE Interdisciplinary Academic Building (\$54 million)

Capital Assets Pool (CAP)

Invested Funds (IF) Balance (as of December 31, 2022)	\$2,855.7
Target Allocation (10%)	\$285.6
Current Outstanding CAP Balance ⁽¹⁾⁽²⁾	\$142.3

Allocation Remaining \$143.3

- (1) Includes Cap-I and financing fees
(2) The Bridge Program is now funded by CAP

- 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 December 31, 2022.
- The Invested Funds balance includes the short- and intermediate- pools, a portion of the long-term pool, and the University's cash account.
- Funds are borrowed through the ILP.
- As of July 1, 2022, the Supplemental Retirement Fund was reinvested in the IF, pending evaluation and implementation from UWINCO for permanent investment strategy.

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 12/31/22 ⁽¹⁾	Risk Assessment ⁽²⁾
Housing and Food Services	\$642.3	Yes	Low Risk
Central	\$509.1	N/A	N/A
UWM - Select Units ⁽³⁾	\$472.4	Yes	High Risk
Intercollegiate Athletics ⁽⁴⁾	\$244.4	No	High Risk
Student Life	\$115.4	Yes	Low Risk
UW Tacoma ⁽⁵⁾	\$32.5	No	Medium Risk
UW Bothell	\$22.4	Yes	Low Risk
Total at 12/31/22:	\$2,038.6		

- (1) Covenants measured as of June 30 for ILP compliance purposes.
(2) Risk assessment as detailed and defined in the Semi-Annual Unit Performance Reports.
(3) Financial performance of UWM - Select Units declining and may result in non-compliance with ILP covenants by June 30, 2023.
(4) Financial covenants are currently waived.
(5) UWT's proforma projections for Court 17 show the loan in compliance by the June 30, 2023 measurement date. Other UWT loans are in compliance. UWT campus is currently under Enhanced Monitoring with OPB.

Low Risk Medium Risk High Risk

Other Lending Programs

Program Name	Total Capacity	Committed Capacity	Remaining Capacity
Bridge Program ⁽¹⁾	\$60.0	\$28.9	\$31.1
FAST Program 2014	\$12.0	\$8.6	N/A
FAST Program 2017	\$30.0	\$28.5	N/A
FAST Program 2020 ⁽²⁾	\$40.0	\$8.0	\$32.0
FASTER	\$10.0	\$2.1	\$7.9
Line of Credit	\$200.0	\$69.5	\$130.5
UHAP ⁽³⁾	\$3.0	\$3.1	(\$0.1)

- (1) The Bridge Program provides funding to manage timing differences between gift and project cash flows. Approved Bridge projects include: ICA Performance Center and Founders Hall. Bridge is funded using balances in the CAP program.
(2) Financing Assets in the Short Term (FAST) provides short term borrowing at market-based rates. Approved projects but not yet funded include FY23 Fleet Services vehicles.
(3) University Housing Assistance Program (UHAP) is a down payment assistance program for faculty seeking homes. Negative remaining capacity reflects timing differences between loan offers extended and closing of loans. Balances as of January 2023.