

Semi-Annual Debt Report

March 2023

Recent Events

- As of February 23rd, the University's borrowing cost was 4.68%⁽¹⁾. This is 26 basis point (0.26%) increase from the last report. The Federal Reserve has raised the federal funds rate for the eighth time since March 2022 in an effort to mitigate inflation. The target range is now 4.50% to 4.75%.
- The University had \$69.5 million in commercial paper outstanding at the beginning of the fiscal year, all of which is funding Finance Transformation. The commercial paper was taken out with the University's fixed rate line of credit due to a favorable interest rate. \$30 million remains available for use and the \$100 million variable rate LOC is undrawn.
- The 2020 FAST loan program is sized at \$40 million and will be expiring June 30th, 2023. As of December 31st, \$4.4 million is outstanding under this agreement. Total outstanding FAST loans (including prior FAST agreements) are \$22.9 million.
- The University does not plan to issue bonds in FY23, but anticipates being back in the market in FY24.

Estimated Future Funding

FY 2023-2027 (\$ in millions)

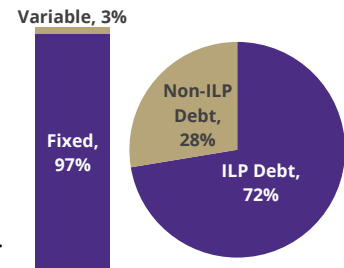
Active Board Approved Projects ^(A)	\$ 161
On Capital Budget - Pending Board Action	\$ 204
Uncommitted Debt Capacity (FY 2023-2027)	\$ 235
Total Debt Funding	\$ 600

(A) Total reflects debt funding from FY23-27 for authorized projects such as Destination One, UW Finance Transformation, Health Sciences Education Building, CoEng Interdisciplinary Building, UWM Membrane, UWM Small Works Budgets, and IMA Locker Room & Pool Upgrades.

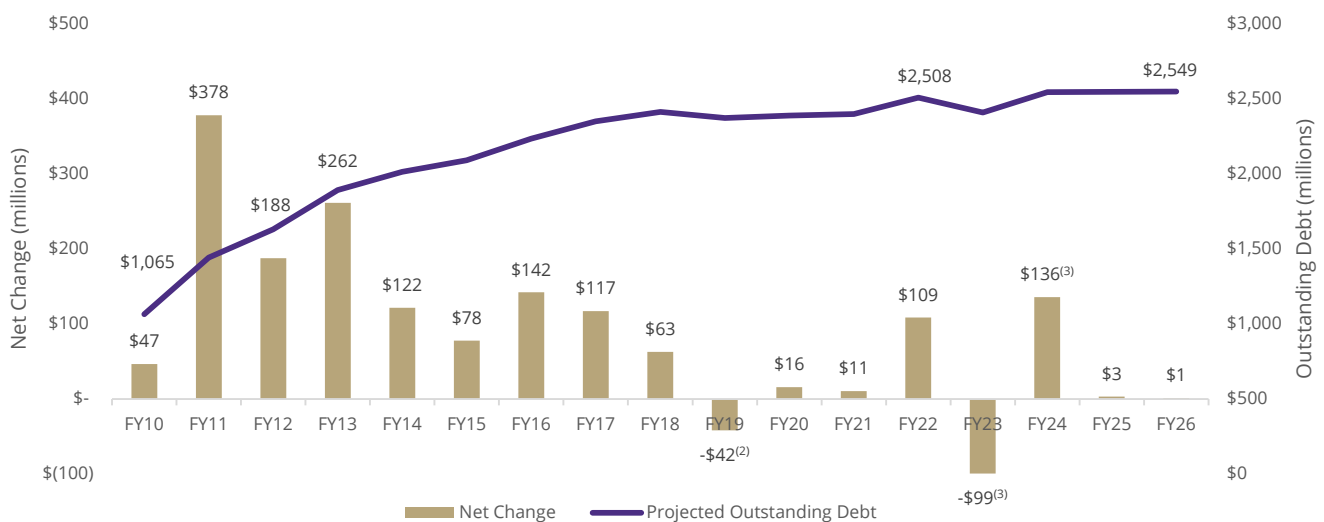
- A new debt capacity estimate will be presented to the Board in May 2023. Current debt capacity through FY27 is \$600 million (or roughly \$120 million per year).
- Additional capacity from the Capital Assets Pool (CAP) is recalculated quarterly as the value of the Invested Funds (IF) changes and principal owed to the CAP is repaid. As of December 31st, 2022, the available capacity was \$146 million.
- CAP utilizes institutional liquidity but alleviates the need for external borrowing.

External Debt Portfolio (as of 12/31/2022)

- The University has **\$2,531 million** of external debt outstanding. This is \$47 million lower than June 2022's outstanding balance due to principal retired.
- The weighted average cost of debt is 3.30%.
- Between 2010 and 2017 outstanding debt grew by 8% annually. From 2018 through 2022 outstanding debt grew by 2% annually. Based on revised capacity estimates, outstanding debt is expected to grow at 1.4% annually through 2027.
- \$140 million of internal funding from the CAP is excluded from the external debt portfolio.



Debt Activity Chart



(1) 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
 (2) Due to commercial paper timing differences, project costs incurred in FY18 were refinanced with long-term debt in FY19
 (3) No long-term issuance in FY23, reduction in long-term debt due primarily to retired principal, FY24 includes long-term issuance for UWFT

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Outstanding External Debt as of 12/31/2022

(in millions)

Project	Purpose	Balance ⁽¹⁾	Final Maturity	% by Purpose
Life Sciences Building	Instruction and Research	\$105.1	2049	Instruction and Research 15.9%
Animal Research and Care Facilities	Instruction and Research	81.5	2047	
Molecular Engineering Building	Instruction and Research	67.6	2043	
Dempsey Hall	Instruction and Research	31.1	2041	
Foegen Building	Instruction and Research	17.9	2031	
UW Bothell Phase 3	Instruction and Research	21.7	2043	
William H. Gates Law School	Instruction and Research	10.5	2028	
AAALAC	Instruction and Research	16.3	2035	
Ben Hall	Instruction and Research	12.3	2037	
Denny Hall	Instruction and Research	13.1	2046	
Kincaid Hall	Instruction and Research	27.6	2046	
CoEng Interdisciplinary Building	Instruction and Research	0.0	TBD	
Health Science Education Building	Instruction and Research	20.8	2042	
Other Instruction and Research	Instruction and Research	6.1	various	
Subtotal Instruction and Research		\$431.7		
South Lake Union (Ph I, II, 3.1, & 3.2)	UW Medicine	283.1	2048	UW Medicine 33.7%
UWMC Expansion	UW Medicine	173.0	2046	
NW Hospital	UW Medicine	49.5	2033	
UWMC Surgery Pavilion	UW Medicine	12.8	2028	
NWH Childbirth Center	UW Medicine	22.3	2041	
UWM Small-Works Budgets ⁽²⁾	UW Medicine	42.4	various	
Destination One	UW Medicine	102.5	2035	
UWM Membrane	UW Medicine	0.0	TBD	
FHCC Promissory Note	UW Medicine	140.1	2032	
Other UW Medicine	UW Medicine	10.7	various	
Subtotal UW Medicine		\$836.5		
HFS Expansion	Student Life	512.0	2045	Student Life 28.7%
Husky Union Building	Student Life	86.7	2043	
IMA Building	Student Life	19.6	2030	
IMA Locker Room & Pool Upgrades	Student Life	0.0	2032	
Radford Court Apartments	Student Life	21.2	2032	
Nordheim Court	Student Life	14.0	2033	
Bothell Student Center	Student Life	14.9	2046	
Ethnic Cultural Center	Student Life	10.8	2043	
UW Tacoma YMCA	Student Life	10.1	2046	
Other Student Life	Student Life	10.5	various	
Subtotal Student Life		\$699.7		
UW Tower	Academic Support	77.1	2037	Academic Support 8.0%
HR Payroll Modernization	Academic Support	19.0	2027	
UW Finance Transformation	Academic Support	69.5	2038	
Cobb Building	Academic Support	27.4	2045	
West Campus Utility Plant	Academic Support	23.5	2047	
4225 Roosevelt	Academic Support	9.3	2029	
4545 Building	Academic Support	9.0	2024	
Other Academic Support	Academic Support	27.9	various	
Subtotal Academic Support		\$262.7		
Husky Stadium	Athletics	215.8	2045	Athletics 9.3%
Husky Ballpark	Athletics	11.3	2045	
Other Athletics	Athletics	0.5	2023	
Subtotal Athletics		\$227.6		
Available Proceeds	Unallocated	72.4	TBD	Unallocated 4.4%
Total University Outstanding Debt		\$2,531		100%

⁽¹⁾ 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.

⁽²⁾ Board approved UWM Small-Works Budgets beginning in FY21 for a total of \$128.5 million. FY23 authorization was \$56.5 million.