



Long Term Capital Plan

Prepared for presentation to the Board of Trustees

September 27, 2018



**We shape our buildings
Thereafter they shape us**



Long Term Capital Plan

Board
Directive

January
2018

Capital
Needs
Inventory

July 2018

Long Term
Capital
Plan

Plan Framework

- Annual Investment Target
- Project Prioritization Process
- Due Diligence and Financial Planning
- Project Approval and Monitoring
- Review of Capital Delivery Process

Project Prioritization

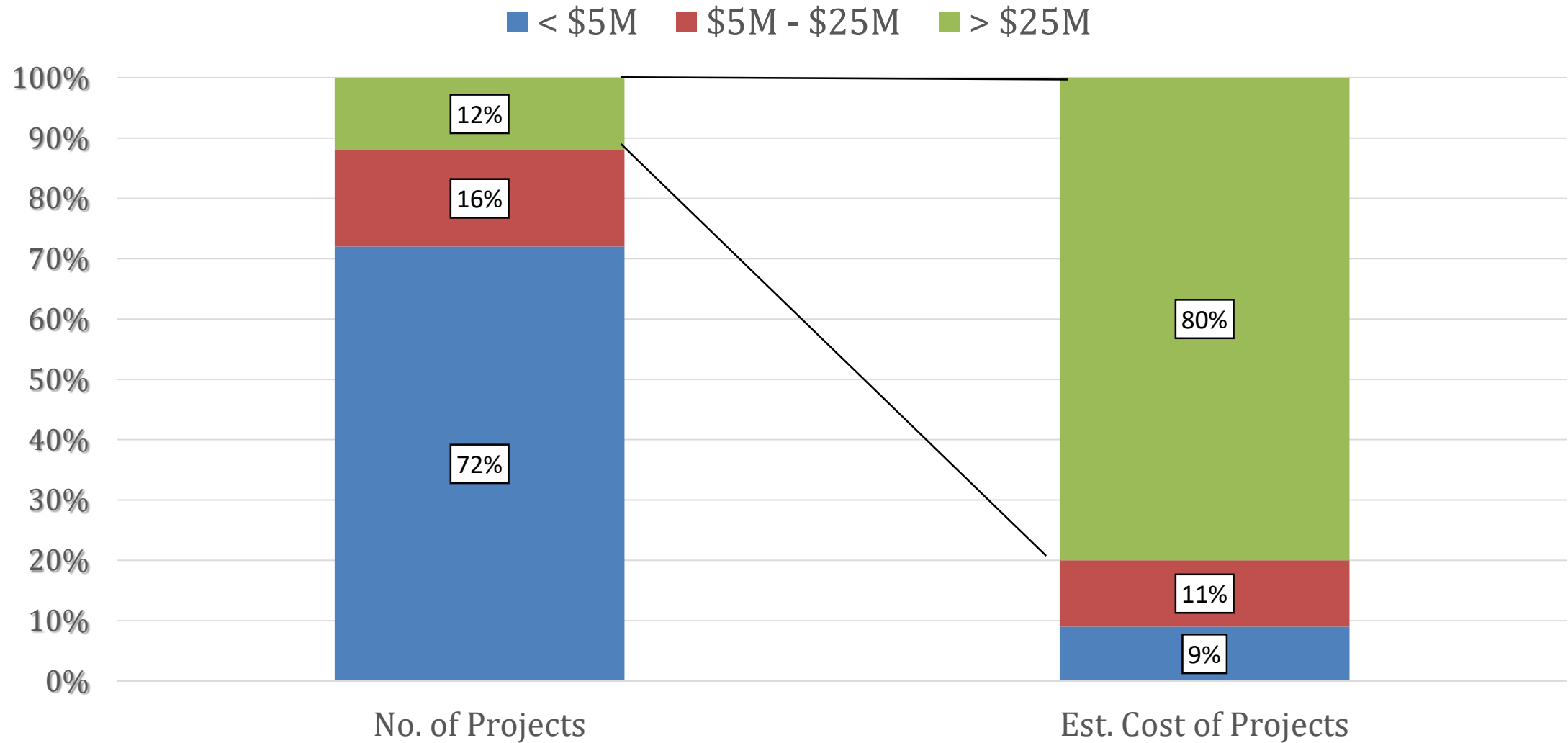
- ❑ Enrollment Projections
- ❑ Classroom and Teaching Innovation
- ❑ Research and Innovation Agenda
- ❑ Student Support Needs
- ❑ Student Housing and Recreation

PRIORITY PROJECTS

340 Priority Projects

\$4.0 Billion Estimated Cost

Major Projects (> \$25M) Account For 80% of Cost



Purpose of Priority Projects

Academic 60.2%

Auxiliary 18.1%

Patient Care 10.8%

Athletic 3.8%

Type of Projects

New Buildings 60.2%

Remodeling 19.1%

Renovations 10.4%

Deferred Maintenance 3.8%

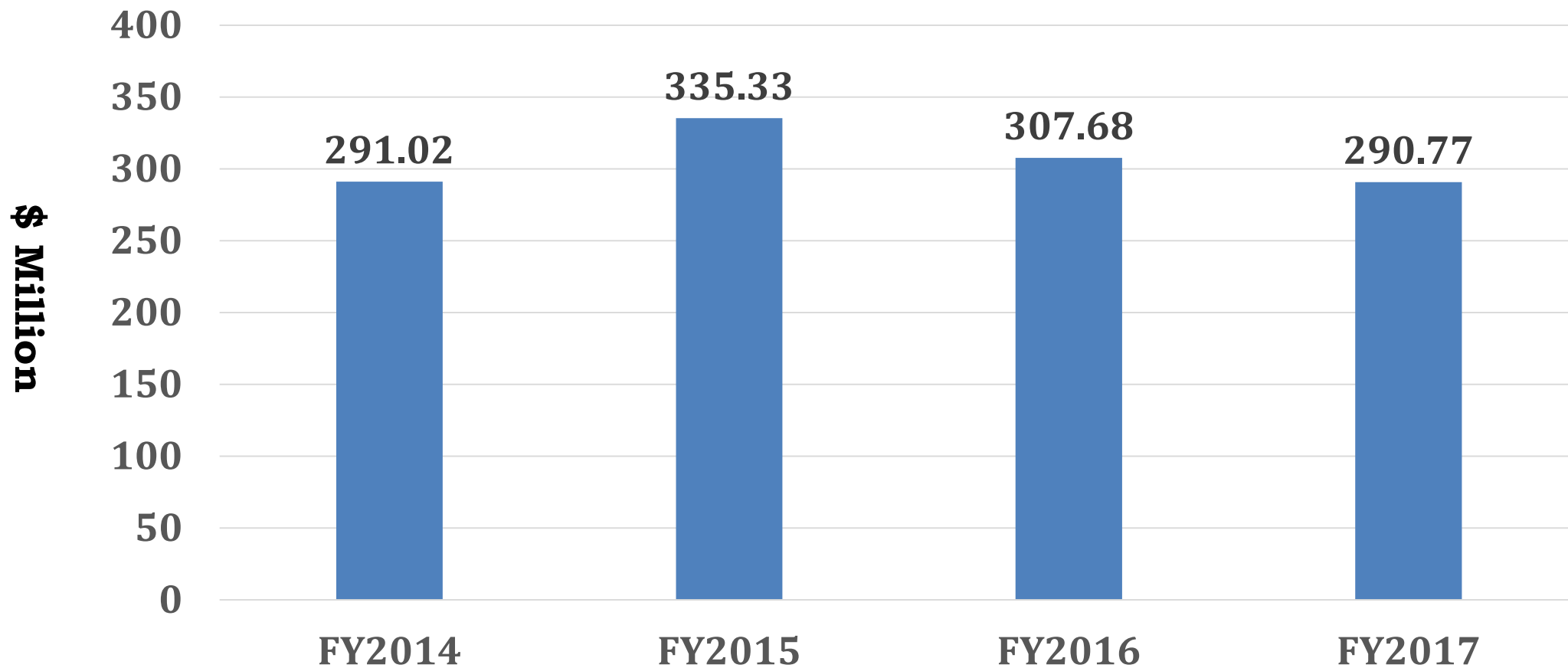
Proposed Capital Investment Target

Annual Target of \$400 Million
Investment in Deferred Maintenance

Target Balances Need with Capacity

Facility Construction, Repair and Renovation

FY14 – FY17 Total \$1.225 Billion



Measuring Capital Spending Adequacy

	FY14	FY15	FY16	FY17
Capital Spending Ratio (1)	1.26	1.40	1.32	1.16
Capital Investment to Operations (%) (2)	6.9%	7.3%	7.0%	6.2%

(1) Purchase of Capital Assets / Depreciation

(2) Purchase of Capital Assets / (Operating Expenses – Depreciation)

Industry Norms

Indicator	University of Illinois \$400M	Moody's Median Aa3	Moody's Median A1	Median Comprehensive Public
Capital Spending Ratio (X)	1.4	1.5	1.5	1.4
Capital Investment to Operations (%)	7.5	10.3	11.3	8.9

(1) Purchase of Capital Assets / Depreciation

(2) Purchase of Capital Assets / (Operating Expenses – Depreciation)

Sources of Funding

- ❑ State Appropriations
- ❑ Auxiliary Capital Reserves
- ❑ Gift Funds
- ❑ Facility Maintenance Fee (AFMFA)
- ❑ Plant funds
- ❑ Institutional Operating Funds

Leverage Debt Capacity

\$400 million Additional Debt Capacity

\$435 million Debt Retirement in Five Years

Planning Process



Discovery Partners Institute (DPI) at Downtown Chicago

Springfield

- Information Sciences Building
- Library, Learning and Student Success Center

Chicago

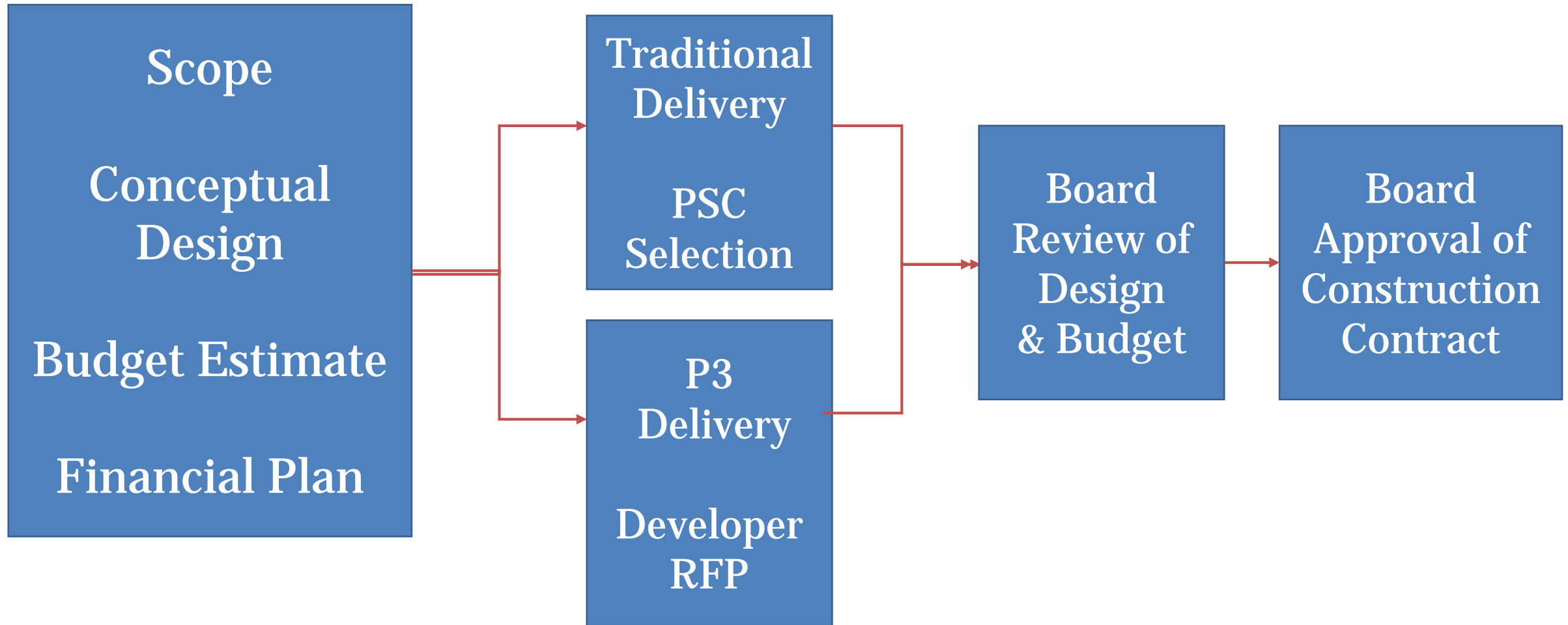
- Ambulatory Surgery Center*
- Advanced Chemical Technology Building
- Computer Design, Research and Learning Facility
- Drug Discovery and Innovation Facility
- Innovation Center Expansion
- Hospital Welcome Atrium

FY2019 Planning List

Urbana

- ACES Feed Mill*
- Altgeld Hall Renovation
- Art and Design Facility
- College of Engineering Instructional Facility*
- Data Science Collaborative
- Research Park Facility

Individual Project Review





Project Monitoring

- Active Management of Timelines and Expense
- Dashboards to Monitor
 - Expenditures & Fund Sources
 - Budgets and Change Orders
 - Timelines and Progress

External review of current capital delivery process

Adopt best practices

Identify bottlenecks in current processes

Suggest changes to internal policies

Prioritize areas to seek regulatory relief

Long Term Capital Plan

- Provides Decision Making Framework
- Balances Short-Term and Long-Term Needs
- Improves Project Planning / Due Diligence
- Provides for Detailed Financial Planning
- Proposes Improved Approval Process
- More Efficient Delivery Process