



May 1, 2014

TO: Members of the Board of Regents
Ex officio Representatives to the Board of Regents
FROM: Joan Goldblatt, Secretary of the Board of Regents
RE: Schedule of Meetings

WEDNESDAY, MAY 7, 2014

3:00 to 5:00 p.m. **156 Gerberding Hall** **GOVERNANCE COMMITTEE:** Regents Smith
(Chair), Ayer, Blake, Shanahan

5:30 p.m. **President's Residence** **DINNER FOR REGENTS,
AND OTHER GUESTS**

THURSDAY, MAY 8, 2014

8:30 to 10:00 a.m. **142 Gerberding Hall** **ACADEMIC AND STUDENT AFFAIRS
COMMITTEE:** Regents Ayer (Chair), Jaech, Rice,
Riojas, Scott

***10:10 a.m. to 12:10 p.m.** **142 Gerberding Hall** **FINANCE AND ASSET MANAGEMENT
COMMITTEE:** Regents Shanahan (Chair), Blake,
Harrell, Simon

12:30 p.m. **Petersen Room** **REGULAR MEETING OF BOARD OF
Allen Library** **REGENTS**

****or upon conclusion of the previous session.***

Unless otherwise indicated, committee meetings of the Board of Regents will run consecutively; starting times following the first committee are estimates only. If a session ends earlier than expected, the next scheduled session may convene immediately. Committee meetings may be attended by all members of the Board of Regents and all members may participate.

To request disability accommodation, contact the Disability Services Office at: 206.543.6450 (voice), 206.543.6452 (TTY), 206.685.7264 (fax), or email at dso@uw.edu. The University of Washington makes every effort to honor disability accommodation requests. Requests can be responded to most effectively if received as far in advance of the event as possible, preferably at least 10 days.

1.1/205-14
5/8/14



**UNIVERSITY OF WASHINGTON
BOARD OF REGENTS**

Governance Committee
Regents Smith (Chair), Ayer, Blake, Shanahan

AGENDA
Wednesday, May 7, 2014
3:00 to 5:00 p.m.
156 Gerberding Hall

CALL TO ORDER

Approval of Minutes of Committee Meeting on March 12, 2014

DISCUSSION

- Appointments to the Audit Advisory Committee
- Appointments to Governmental Affairs Advisory Committee
- Board Skills Matrix
- Governance Committee Responsibilities Timeline
- Other Business

ADJOURN

Dates for next meetings: Wednesday, July 9, 2014, at 3:00 p.m. in 142 Gerberding
Wednesday, October 8, 2014, at 3:00 p.m. in 142 Gerberding



UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

Academic and Student Affairs Committee
Regents Ayer (Chair), Jaech, Rice, Riojas, Scott

May 8, 2014
8:30 to 10:00 a.m.
142 Gerberding Hall

1. **Approval of Minutes of Committee Meeting on March 13, 2014** ACTION
2. **Academic and Administrative Appointments** ACTION A-1
Ana Mari Cauce, Provost and Executive Vice President
3. **Revisions to the UW Medicine Board Bylaws** ACTION A-2
Paul Ramsey, CEO, UW Medicine and Dean of the School of Medicine
4. **Institute for Health Metrics and Evaluation Board Appointment** ACTION A-3
Paul Ramsey, CEO, UW Medicine and Dean of the School of Medicine
5. **Graduate Certificate in Demographic Methods** ACTION A-4
Rebecca Aanerud, Associate Dean for Academic Affairs, The Graduate School
Judy Howard, Divisional Dean for the Social Sciences, College of Arts and Sciences
Sara Curran, Director, International Studies and Associate Director, CSDE, Jackson School of International Studies, College of Arts and Sciences
6. **Graduate Certificate in Mixed Methods Education Sciences** ACTION A-5
Rebecca Aanerud, Associate Dean for Academic Affairs, The Graduate School
Michael Knapp, Professor, College of Education
7. **Graduate Certificate in Science, Technology, and Society Studies** ACTION A-6
Rebecca Aanerud, Associate Dean for Academic Affairs, The Graduate School
Leah Ceccarelli, Professor, Department of Communication; Co-Chair, Graduate School Interdisciplinary Committee in Science, Technology and Society Studies
8. **Master of Science in Accounting – UW Bothell** ACTION A-7
Rebecca Aanerud, Associate Dean for Academic Affairs, The Graduate School
Pradyot Sen, Professor, UW Bothell School of Business

9. **Master of Science in Geospatial Technologies – UW Tacoma** **ACTION** A-8
Rebecca Aanerud, Associate Dean for Academic Affairs, The Graduate School
JW Harrington, Vice Chancellor for Academic Affairs, UW Tacoma
Ali Modares, Professor and Director, Urban Studies Program, UW Tacoma
10. **Granting of Honorary Degree** **ACTION** A-9
Michael K. Young, University President
11. **Mechanisms for Student Input in the University of Washington Budget Process** **INFORMATION** A-10
Kiana Scott, Regent
Elise Randall, Graduate Student, Evans School of Public Affairs; Chair, Provost Advisory Committee for Students
Emma Van Inwegen, Junior, Mathematics and Economics; Co-Chair, Provost Advisory Committee for Students
Campbell Glass, Senior, Oceanography; Co-Chair, College of the Environment Student Advisory Council
Saiontoni Sarkar, Graduate Student, Marine and Environmental Affairs; Co-Chair, College of the Environment Student Advisory Council
12. **Sexual Assault Task Force Findings and Recommendations** **INFORMATION** A-11
Kiana Scott, Regent
Denzil Suite, Vice President for Student Life
Ellen Taylor, Assistant Vice President for Student Life; Director, Counseling Center
Kimberly Schertz, JD Student, School of Law
13. **Other Business**



UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

Finance and Asset Management Committee
Regents Shanahan (Chair), Blake, Harrell, Simon

May 8, 2014
10:10 a.m. to 12:10 p.m.
142 Gerberding Hall

1. **Approval of Minutes of Committee Meeting on March 13, 2014** ACTION
2. **Actions Taken Under Delegated Authority** INFORMATION F-1
Richard Chapman, Associate Vice President, Capital Projects Office
3. **Hill-Crest Endowment – Approve Expenditures of Income** ACTION F-2
V’Ella Warren, Senior Vice President
4. **2014 Audit Plans (KPMG and Peterson Sullivan)** INFORMATION F-3
Richard Cordova, Executive Director, Internal Audit
5. **Rainier Square – Approve Ground Leases and Development Agreement and Delegate Execution of Documents** ACTION F-4
Todd Timberlake, Chief Real Estate Officer
6. **College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract** ACTION F-5
Bob Stacey, Dean, College of Arts and Sciences
Jon Lebo, Director, Special Projects, Capital Projects Office
7. **UW Tacoma, Urban Solutions Center Phase I – Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract** ACTION F-6
Harlan Patterson, Vice Chancellor for Finance and Administration, UW Tacoma
Patrick Clark, Director of Planning and Real Estate, UW Tacoma
Steve Tatge, Assistant Director, Major Projects Group, Capital Projects Office
8. **Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement** ACTION F-7
Richard Chapman, Associate Vice President, Capital Projects Office

9. **Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract** **ACTION** F-8
Richard Chapman, Associate Vice President, Capital Projects Office

10. **Investment Program Annual Update** **INFORMATION** F-9
Keith Ferguson, Chief Investment Officer
Garth Reistad, Deputy CIO, Investments
Scott Davies, Chief Operating Officer, Investments

11. **Comparative Asset Allocation, Performance, and Endowment Trends** **INFORMATION** F-10
Max Senter, Investment Consultant and Managing Director, Cambridge Associates

12. **Approve Amendments to Invested Funds and Debt Management Policies** **ACTION** F-11
Chris Malins, Associate Vice President, Treasury
Scott Davies, Chief Operating Officer, Investments

13. **2013 Internal Audit Results** **INFORMATION** F-12
Richard Cordova, Executive Director, Internal Audit

14. **Executive Session**
(to review the performance of public employees.)

15. **Other Business**



AGENDA

BOARD OF REGENTS University of Washington

May 8, 2014

12:30 p.m.

Petersen Room, Allen Library

(Item No.)

I. CALL TO ORDER

II. ROLL CALL: Assistant Secretary Shelley Tennant

III. CONFIRM AGENDA

IV. PUBLIC COMMENT PERIOD

V. BOARD ITEMS

Proposed Fiscal Year 2015 Operating and Capital Budgets and Tuition 2014-15 (Information only) B-1

Paul Jenny, Vice Provost, Planning and Budgeting

John Seidelmann, Director of Capital and Space Planning, Office of Planning and Budgeting

Sarah Hall, Assistant Vice Provost, Office of Planning and Budgeting

VI. REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Smith

VII. REPORT OF THE UNIVERSITY PRESIDENT: President Young

VIII. CONSENT AGENDA

Approval of Minutes of Meeting of March 13, 2014

Approval of Minutes of Special Meeting of April 10, 2014

Revisions to the UW Medicine Board Bylaws A-2

Institute for Health Metrics and Evaluation Board Appointment A-3

Graduate Certificate in Demographic Methods A-4

Graduate Certificate in Mixed Methods Education Sciences A-5

Graduate Certificate in Science, Technology, and Society Studies A-6

Master of Science in Accounting – UW Bothell A-7

Master of Science in Geospatial Technologies – UW Tacoma A-8

Granting of Honorary Degree	A-9
Hill-Crest Endowment – Approve Expenditures of Income	F-2
Rainier Square – Approve Ground Leases and Development Agreement and Delegate Execution of Documents	F-4
College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract	F-5
UW Tacoma, Urban Solutions Center Phase I – Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract	F-6
Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement	F-7
Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract	F-8
Approve Amendments to Invested Funds and Debt Management Policies	F-11

IX. STANDING COMMITTEES

A. Academic and Student Affairs Committee: Regent Ayer – Chair

Academic and Administrative Appointments (Action)	A-1
Mechanisms for Student Input in the University of Washington Budget Process (Information only)	A-10
Sexual Assault Task Force Findings and Recommendations (Information only)	A-11

B. Finance and Asset Management Committee: Regent Shanahan – Chair

Actions Taken Under Delegated Authority (Information only)	F-1
2014 Audit Plans (KPMG and Peterson Sullivan) (Information only)	F-3
Investment Program Annual Update (Information only)	F-9
Comparative Asset Allocation, Performance, and Endowment Trends (Information only)	F-10
2013 Internal Audit Results (Information only)	F-12

C. Governance Committee: Regent Smith – Chair

X. REPORTS TO THE BOARD

Faculty Senate Chair – Professor Jack Lee

Student Leaders:

ASUW President – Mr. Michael Kutz

GPSS President – Mr. Christopher Lizotte

ASUW Tacoma President – Mr. Peter Pentescu

ASUW Bothell President – Mr. Talwinder Singh

Alumni Association President – Mr. Mike Egan

XI. DATE FOR NEXT REGULAR MEETING: Thursday, June 12, 2014

XII. EXECUTIVE SESSION
(to review the performance of public employees.)

XIII. ADJOURN

OFFICIAL MINUTES

MINUTES

BOARD OF REGENTS University of Washington

May 8, 2014

The Board of Regents held its regular meeting on Thursday, May 8, 2014, beginning at 12:35 p.m. in the Petersen Room of the Allen Library. The notice of the meeting was appropriately provided to the public and the media.

CALL TO ORDER

Regent Smith called the meeting to order at 12:35 p.m.

ROLL CALL

Assistant Secretary Tennant called the roll: Present were Regents Smith (chairing), Ayer, Harrell, Jaech, Rice, Riojas, Scott, Simon (by telephone); President Young, Ms. Warren, Ms. Goldblatt; ex officio representatives: Professor Lee, Mr. Lizotte, Mr. Kutz, Mr. Egan.

Absent: Regents Blake and Shanahan.

CONFIRM AGENDA

The agenda was confirmed as presented.

PUBLIC COMMENT PERIOD

Regent Smith announced the Board would receive comments from the public. This segment of the meeting is meant to give Board members a chance to hear directly from the public on any subject pertaining to the University. He noted that while the Board was pleased to have the opportunity to listen to any comments offered and consider them in its decision-making, the Board was not in a position to directly act on the comments or provide a response. Any Board member who would like additional information would make that request through staff following the meeting.

Regents heard comments from two UW students who signed up before the start of the meeting about fossil fuel divestment. Two community members and one UW student commented on affirmative action, the low numbers of African Americans in UW's Law School, and the treatment of Black athletes.

Regent Smith thanked the speakers for attending the meeting and presenting their comments to the Board. He reiterated if members of the Board would like additional information about the issues presented in public comment, they would make the request of staff and it would be provided at a later time.

BOARD ITEMS

Proposed Fiscal Year 2015 Operating and Capital Budgets and Tuition 2014-15 (Agenda no. B-1) (Information only)

Paul Jenny, Vice Provost, Planning and Budgeting; Sarah Hall, Assistant Vice Provost, Office of Planning and Budgeting; and John Seidelmann, Director of Capital and Space Planning, Office of Planning and Budgeting, presented information about the proposed operating and capital budget for fiscal year 2015. The Board will consider approval of the budget at its meeting in June. They also presented a list of capital projects and the 2015-17 state capital budget request. Regent Jaech asked about the range of potential budget cuts in the next biennium. While no details are available, the University was asked to be ready to propose budget cut scenarios. The state is likely to have scarce resources.

See Attachment B-1.

REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Smith

Regent Smith invited Regent Kiana Scott to provide a highlight of her activities.

Regent Scott described the student regent selection process. The selection committee recommended three finalists to Governor Inslee for his consideration. Regent Scott is one of the finalists and she introduced the two others, Marnie Brown and Luke Picking, who briefly introduced themselves.

During autumn quarter, Regent Scott hosted a summit for the other student regents and trustees from Central Washington University, Eastern Washington University, Evergreen State College, Washington State University, and Western Washington University. The group collaborated and explored opportunities for cooperation, and ways to address the challenges that arise for those serving as student regents or trustees.

Regent Scott recently traveled to Spokane to tour the WWAMI Riverpoint campus with the WSU student regent, Lindsey Schaffer. While there she visited research labs and met with Chancellor Lisa Brown.

Regent Scott recently attended the annual SAGE (Student Advocates for Graduate Education) conference in Washington, D.C., where students from peer institutions met to share best practices. The group met with members of Washington's congressional delegation, and other members of congress. They identified areas of priority for graduate

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students, including the need for immigration reform, support for an increase in federal funding for research, and continued support for students in areas of indebtedness and taxation.

Regent Scott thanked President Young for holding a series of roundtable conversations with small groups of students from all three campuses.

Regent Smith invited Regent Harrell to provide a report from the recent AGB (Association of Governing Boards) Conference on Trusteeship held in April in Orlando, Florida. Regent Harrell is a member of AGB's Board of Trustees. Conference attendees explored issues that trustees and senior administrators need to understand and focus on to effectively govern colleges and universities in the current diverse environment of dynamic issues. The conference sessions focused primarily on governance-related questions, higher education trends, and national challenges affecting colleges and universities. Over 1,200 people attended over three days. The Conference offered the opportunity for networking and discussions among trustees and campus leaders, and provided an opportunity to consider new ways of addressing pressing questions. UW is a member of AGB and primarily uses AGB's expertise in the governance arena.

Regent Harrell summarized seven primary topics of sessions:

- 1) Technology – changes in the university business model;
- 2) Tension between liberal arts and professional preparation;
- 3) The higher education value proposition, issues around cost management;
- 4) Changing demographics and diversity (including racial, ethnic, and economic) and the evolution of diversity case law;
- 5) The Obama administration's focus on accountability, quality, and accreditation and the possible rating system;
- 6) Sexual harassment and sexual assault;
- 7) Bold institutional change – what is the responsibility of higher education institutions relative to the ways they connect and align with K-12 institutions?

Many of the conversations at the conference focused on effective governance. Regent Harrell introduced a plenary session featuring a discussion by five university presidents about leading innovation. She asked the Board Secretary to share the meeting agenda with Regents.

Regent Harrell recommended three ways UW could maximize the benefits from membership in AGB.

- 1) Rick Legon, president of AGB, and other AGB staff members, are willing to meet with the Board to address issues of interest;
- 2) AGB advised Regents to hear from their federal office team frequently, especially regarding the upcoming ratings system and other continuing federal education issues;
- 3) Make sure UW continues to leverage AGB when there are topics where AGB may offer expertise;
- 4) Consider sending Board members to AGB conferences to interact with the national and international higher education community.

Regent Smith invited President Young to provide a report to the Board.

REPORT OF THE UNIVERSITY PRESIDENT: President Young

President Young reported the UW women's crew beat Great Britain in the recent Windermere Cup. The men placed second to Great Britain.

The President recently attended the AAU (Association of American Universities) meetings in Washington, D.C. The topic of sexual assault was a high priority. The level of basic research funding was another topic of discussion. There was concern expressed by AAU presidents about increased research funding in Asia. As a result, universities there have the ability to more competitively recruit the highest level researchers. There were robust discussions with government officials about regulatory requirements for higher education and research funding. The Presidents expressed concern about the cost of compliance diverting funding from research, while still remaining accountable.

Other discussions at the AAU meetings concerned commercialization. In this area the UW has much to be proud of and much more to be done. Athletics was also a topic of conversation, including the unionization movement, appropriate levels of compensation or support for student-athletes, and injuries.

The President announced Professor Emeritus Ben Hall, Genome Sciences and Biology, and Senior Principal Oceanographer Eric D'Asaro, UW Applied Physics Laboratory, were among 84 new members to the National Academy of Sciences. They were chosen in recognition of their distinguished and continuing achievements in original research.

The President noted the recent cover story in the *Puget Sound Business Journal* about U District revitalization.

The UW Women's Boxing Team won the national championship at West Point. Led by volunteer coach Christopher Mendez, Taylor Williams was recognized as the Most Outstanding Boxer.

With the admissions process underway, and May 1 as the deadline for deposits, the University is currently compiling data to see what the approximate makeup of the 2014 freshman class will be. The number of applicants is up for undergraduate and graduate programs.

The President expects to give an in-depth presentation about international efforts to the Board at a future meeting.

CONSENT AGENDA

Regent Smith noted there were seventeen items for approval on the consent agenda, and called for a motion.

MOTION: Upon the recommendation of the Chair of the Board and the motion made by Regent Rice, seconded by Regent Scott, the Board voted to approve the seventeen items on the consent agenda as shown below:

Minutes for the meeting of March 13, 2014

Minutes for the special meeting of April 10, 2014

Revisions to the UW Medicine Board Bylaws (Agenda no. A-2)

It was the recommendation of the University President that the Board of Regents adopt the following amendments to the Bylaws of the UW Medicine Board, effective upon the Board's approval

See Attachment A-2.

Institute for Health Metrics and Evaluation Board Appointment (Agenda no. A-3)

It was the recommendation of the University President and the Academic and Student Affairs Committee that the Board of Regents appoint Ms. Sally Davies to the Institute for Health Metrics and Evaluation (IHME) Board, from June 1, 2014 through June 30, 2017.

See Attachment A-3.

Graduate Certificate in Demographic Methods (Agenda no. A-4)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Center for Studies in Demography and Ecology at the University of Washington, Seattle to offer the Graduate Certificate in Demographic Methods, effective Autumn Quarter 2014. The graduate certificate program will have provisional status with a review to be conducted by the Graduate School in the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A-4.

Graduate Certificate in Mixed Methods Education Sciences (Agenda no. A-5)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the Graduate Faculty of the College of Education to offer the Graduate Certificate in Mixed Methods Education Sciences, effective Autumn Quarter 2014. The certificate program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A-5.

Graduate Certificate in Science, Technology, and Society Studies (Agenda no. A-6)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Science, Technology, and Society Studies Graduate School Interdisciplinary Committee to offer the Graduate Certificate in Science, Technology, and Society Studies, effective Autumn Quarter 2014. The certificate program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A-6.

Master of Science in Accounting – UW Bothell (Agenda no. A-7)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to faculty in the University of Washington Bothell School of Business to offer the Master of Science in Accounting degree program, effective Autumn Quarter 2014. This will be a fee-based program offered in coordination with UW Professional and Continuing Education. The degree program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A-7.

Master of Science in Geospatial Technologies – UW Tacoma (Agenda no. A-8)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Urban Studies Program at the University of Washington, Tacoma, to offer the Master of Science in Geospatial Technologies degree program, effective Autumn Quarter 2014. The degree program will have provisional status with a review to be conducted by the Graduate School in the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A-8.

Granting of Honorary Degree (Agenda no. A-9)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the granting of an Honorary Doctor of Science degree to Steven Anthony Ballmer, former Chief Executive Officer of Microsoft Corporation.

See Attachment A-9.

Hill-Crest Endowment – Approve Expenditures of Income (Agenda no. F-2)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve a plan for making expenditures from the Hill-Crest Endowment for the improvement and furnishing of the official residence of the University President.

See Attachment F-2.

Rainier Square – Approve Ground Leases and Development Agreement and Delegate Execution of Documents (Agenda no. F-4)

It was the recommendation of the administration, the Advisory Committee on Real Estate, and the Finance and Asset Management Committee that the Board of Regents:

1. Approve two eighty year Ground Leases, a Pre-Development Agreement, and related documents for the re-development of the Rainier Square site on the Metropolitan Tract, providing for demolition of the existing Rainier Square improvements (specifically not including demolition of Rainier Tower), and construction of a 1,150,000 square foot mixed-use development project; and
2. Delegate to the President the authority to execute all documents related to this transaction.

See Attachment F-4.

College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract (Agenda no. F-5)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Approve the project architect selection for the Life Sciences Building (LSB) project; and
2. Delegate authority to the President to award a design contract for the LSB project to Perkins+Will, subject to successful negotiation of an architectural agreement.

In the event of an unsuccessful negotiation with Perkins+Will, it was requested that authority be delegated to open negotiations and award a design contract with THA/HDR, the firm recommended as the first alternate.

See Attachment F-5.

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract (Agenda no. F-6)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Adopt the project budget for the UW Tacoma Urban Solutions Center design phase at \$1,900,000;
2. Approve the project architect selection for the UW Tacoma Urban Solutions Center Phase I;

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3. Delegate authority to the President to award a design contract for the UW Tacoma Urban Solutions Center Phase I project to Miller Hull, subject to successful negotiation of an architectural agreement.

In the event of an unsuccessful negotiation with Miller Hull, it is requested that authority be delegated to open negotiations and award a design contract with McGranahan, the firm recommended as the first alternate;

4. Authorize the use of the General Contractor/Construction manager (GC/CM) Alternate Public Works contracting method; and
5. Delegate authority to the President to award a GC/CM Preconstruction Services contract.

See Attachment F-6.

Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement (Agenda no. F-7)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

- 1) Approve the mitigation relocation plan, as described in Section 4.5.1 of the Master Implementation Agreement (MIA), for the Sound Transit tunnel under the campus;
- 2) Approve the Sound Transit Northgate Link Extension tunnel design; and
- 3) Approve proposed amendments to MIA to reflect the mitigation relocation plan and tunnel design.

See Attachment F-7.

Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract (Agenda no. F-8)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Adopt the project budget of \$ 53 million;
2. Approve the use of Alternate Public Works utilizing General Contractor/Construction Manager (GC/CM); and
3. Delegate authority to the President to award a GC/CM contract.

See Attachment F-8.

Approve Amendments to Invested Funds and Debt Management Policies (Agenda no. F-11)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Adopt the amended *Statement of Investment Objectives and Policy for Invested Funds* (IF) to allow for the creation of the Capital Assets Pool (CAP); and
2. Adopt the amended *Debt Management Policy – Statement of Objectives and Policies* to recognize the IF as a new source of borrowing.

See Attachment F-11.

STANDING COMMITTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Ayer, Chair

Regent Smith invited Regent Ayer to provide a report from the Academic and Student Affairs Committee meeting.

Academic and Administrative Appointments (Agenda no. A-1)

MOTION: Upon the recommendation of the administration and the motion made by Regent Ayer, the Board voted to approve the personnel appointments. Regent Scott abstained from the discussion and vote.

See Attachment A-1.

Mechanisms for Student Input in the University of Washington Budget Process (Agenda no. A-10)

Regents heard from students involved in the Provost's Advisory Committee for Students (PACS) and college councils. PACS and college councils were formed only a few years ago, but have been successful in providing important student input into the budget process and fostering a collaborative process. Colleges have different models for their councils based on their unique needs. In the absence of a formal council some colleges have other means to incorporate student input. The relationship and communication between PACS and college councils is being refined continually. An unintended benefit of PACS and college councils is that they provide the opportunity for students to be involved in the University's governance process and learn more about how the University functions.

See Attachment A-10.

Sexual Assault Task Force Findings and Recommendations (Agenda no. A-11)

Regent Ayer reported sexual assault is a major concern at universities everywhere. UW's effort is capably led by Ellen Taylor, Assistant Vice President for Student Life and Counseling Center Director. The UW's implementation plan maps well with the recent White House administration's recommendations. The guiding principle is that nothing is more important than the safety of UW's students. Efforts began over a year ago when the Task Force was formed. The Task Force report was issued in October, 2013, and it explored best practices and developed goals and recommendations. The broad objective is to hold an ongoing community discussion to engage students early and often. The report outlines eight goals, eighteen specific recommendations, and four requests for additional resources. It is specific and metric-driven with a focus on prevention and education, response and intervention, and investigation and discipline. The key to prevention is culture change, which is critical for permanent and long-term change.

Culture change involves modeling from the top of the organization and requires multi-channel communication. Reporting is critical in this data-driven effort, and Regents learned that increased awareness will likely generate more reports in the beginning. ASUW and GPSS made this issue a priority, and their participation was noted as helpful. UW plans to work with other colleges and universities to explore common solutions. There will be a continual review process; Regents requested an annual update.

See Attachment A-11.

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regent Harrell

Regent Smith thanked Regent Harrell for chairing the Finance and Asset Management Committee meeting and invited her to provide a report.

Regent Harrell reported the meeting was an “active” one, with six action items.

Actions Taken Under Delegated Authority (Agenda no. F-1)

See Attachment F-1.

2014 Audit Plans (KPMG and Peterson Sullivan) (Agenda no. F-3)

See Attachment F-3.

Investment Program Annual Update (Agenda no. F-9)

Regents received an annual update about the University’s investment program. They heard good news – over the last ten years the return rate has been 8.2%, which is .2% over benchmark. They learned about asset allocation with the focus on emerging markets, different than some other colleges and universities.

See Attachment F-9.

Comparative Asset Allocation, Performance, and Endowment Trends (Agenda no. F-10)

Regents examined various strategies and trends.

See Attachment F-10.

2013 Internal Audit Results (Agenda no. F-12)

Richard Cordova, Executive Director of Audits, presented the results from the 2013 internal audits. Regent Harrell said Regents received and reviewed the comprehensive report distributed prior to the meeting. The newly-forming Audit Advisory Committee will address these issues in the future. She said it was encouraging to see the depth of analysis and audit strength, and learn there is a team of fifteen staff members delivering the level of capacity needed to assure the right audits are conducted in the right way.

See Attachment F-12.

GOVERNANCE COMMITTEE: Regent Smith, Chair

Regent Smith provided a report from the Governance Committee, saying this new committee is finding its “sea legs.” At the meeting Regents spent time reviewing the committee’s responsibilities and mapping them onto a timeline of scheduled duties. The Committee is responsible for selecting members for Audit and Governmental Affairs Advisory Committees. They have identified some names for the Audit Advisory Committee, and will continue to seek potential members, assess their interest, and review their experience to see how they might fit with the needs of the Board. Each committee will have one to two Regents and likely four members. These advisory committees will function similar to two existing advisory committees, UWINCO and ACRE. Regent Smith hopes Regent Simon will contribute his expertise in the formation of the Governmental Affairs Advisory Committee and help to refine the scope of activities.

Regent Smith plans to request input from Board members, and others, in the following three areas:

- 1) **Board Skills assessment.** Regent Smith will send a list of skills important for the functioning of the Board, and ask each member to rate him or herself on a scale of experience in each area, allowing the Board to assess its strengths. This will guide the Board in ways to augment the skills of Board members with other resources and also to share this information with the Governor as input to inform his decision-making on future appointments, at his discretion. This will also help to inform committee assignments, and have other uses, over time.
- 2) **Board assessment survey.** This survey will include 25 to 30 questions on which to rate the Board’s performance as good, average, or needing improvement. Results will provide guidance and input as the Board and committees establish their annual goals, with the overall goal of improving the performance of the Board. Comments, in addition to the ratings, will add substance to the process. President Young, Provost Cauce, Senior Vice President Warren, and Vice Provost Jenny will be asked to provide input.
- 3) **Meeting Topics.** The recently implemented changes in Board governance were oriented toward having more substantive committee and board meetings, and ultimately more “deep dives.” The possibility of holding concurrent committee meetings will be explored. Regent Smith requested topics from Regents, President, and Provost to make the Board and Committee meetings more robust. As these are compiled they will be prioritized.

REPORTS TO THE BOARD OF REGENTS

Regent Smith invited student leaders from UW Tacoma and Bothell to the table.

Faculty Senate Chair: Professor Jack Lee

Professor Lee's remarks are attached to these minutes.

ASUW President: Mr. Michael Kutz

Mr. Kutz said ASUW elections would be held soon. Candidates are focusing their campaigns on student needs. One of the issues coming to the Senate is a resolution to improve accommodations for religious and cultural holidays in respect for the many traditions on campus. Students are concerned that Title IX obligations for female athletes are being funded from the tuitions budget; ASUW encourages Athletics to fund this. Mr. Kutz reported on two ASUW services, the Experimental College and the ASUW Bike Shop, stating these two revenue-generating businesses are both turning a profit for the first time in ten years. A newly-created ASUW student food co-op will provide alternative food options and match student interest in "food justice." Mr. Kutz highlighted three upcoming ASUW-sponsored events: Rainy Dawg Radio's birthday fest in the Sylvan Grove, the ASUW comedy show, and the Spring Fling on Rainier Vista featuring performing artists.

GPSS President: Mr. Christopher Lizotte

Mr. Lizotte reported on GPSS elections and introduced Alice Popejoy, GPSS 2014-15 President. The GPSS Diversity Committee is holding three roundtable discussions during spring quarter, one about "ally-ship," a second on starting a diversity committee for departments and organizations, and the third about support for student veterans. The GPSS science and policy series culminates in a summit in the spring with three panels, including one on mental wellness as it relates to neuroscience. GPSS held an alumni career panel with near-peer alumni, as part of an effort to establish a GPSS alumni association.

Mr. Lizotte traveled to Washington, D.C. for the SAGE conference. He also attended a SAGE summit in the fall, where members shared best practices. The trip to D.C. was very rewarding, as he met with members of Washington state's congressional delegation, including both senators. The meetings and the conference focused on issues affecting graduate students.

GPSS recently launched Graduate and Professional Student Peer Mentoring Project. They are currently receiving applications for those wishing to serve as mentors and then will open up the application process for those seeking mentoring.

Mr. Lizotte noted trends occurring in the GPSS, which represents a constituency with distinct needs and concerns. They are increasing collaboration with the Graduate School and working toward an inter-session working session with the legislature to use the expertise of graduate students to influence policy decisions in Olympia.

ASUW Tacoma President: Mr. Peter Pentescu

Mr. Pentescu highlighted events and activities at UW Tacoma. The student activities board hosted a benefit concert for a Tacoma charity that provides clean water in the third world. The campus recently "topped out" the new student center construction project.

May 8, 2014

The student government and leadership elections are underway; this year has been the most competitive and highest turnout elections recorded at ASUW Tacoma. The Chancellor search is in process and this provides the opportunity to reflect on campus goals and explore what it means to be an “urban serving” university. Tacoma students noted the funding mechanism proposed for UW Seattle’s Life Sciences Building, examining the precedent set by using tuition funds for the project. They are also looking at the funding mechanism for the Tacoma Paper and Stationary Building development and how will it serve the community.

Mr. Pentescu thanked Regent Riojas for visiting campus to speak to a large seminar of UW Tacoma students about his leadership experience as a student and in the community.

ASUW Bothell President: Mr. Talwinder Singh

Mr. Singh reported on the ASUW Bothell elections, in process. He announced next week there will be a fifth birthday celebration for UW Bothell’s mascot, Holly the Husky. The student activity center construction is expected to break ground on June 5.

Mr. Singh told the Regents about the upcoming Undergraduate Symposium where UW Bothell students will present their research and scholarly activities.

ASUW Bothell held a town hall meeting to gather student input on ASUW Bothell activities and priorities, and identify areas of improvement.

The UW Bothell Alumni Association will host its annual 5K race to raise funds for scholarships.

The student activities fee and student technology fee committees met and made their decisions on which projects to fund. These recommendations will be presented for Board approval at the June meeting.

Alumni Association President: Mr. Mike Egan

Mr. Egan said the upcoming commencement provides the first step for UWAA to cement a lifelong relationship with the two thousand students who are graduating in June. He distributed “grad packs” to the Regents, and others. These are given to graduating students when they join the Alumni Association. UWAA is considering the benefits of starting this relationship as early as at convocation in students’ freshman year, involving UWAA in student life and the “Husky” experience. UWAA would like to be involved in student health and wellness, leadership, and in engaging students through the entire lifecycle, providing career connections, mentorships, internships, and community involvement by alumni.

Mr. Egan reported 16,000 people attended UWAA’s lecture series this year featuring UW’s great faculty members and outstanding external speakers. Recently, prognosticator Nate Silver spoke on campus and his event sold out in 43 minutes. At the end of May, Mr. Egan plans to travel to Spokane with President Young to meet with alumni and lawmakers there.

Upcoming events include UW days with the Sounders and Mariners. UWAA will again hold its annual barbeques in New York and Washington, D.C. Mr. Egan said UWAA's 125th year is off to a great start!

DATE FOR NEXT MEETING

The next regular meeting of the Board of Regents will be held on Thursday, June 12, 2014, on campus.

EXECUTIVE SESSION

The Regents held an executive session to discuss the performance of public employees.

ADJOURNMENT

The regular meeting was adjourned at 2:45 p.m.



Joan Goldblatt
Secretary of the Board of Regents

Approved at the meeting of the Board on June 12, 2014.

BOARD OF REGENTS MEETINGProposed Fiscal Year 2015 Operating and Capital Budgets and Tuition 2014-15

This item is for information only.

The proposed Fiscal Year 2015 (FY15) Operating and Capital Budgets and Tuition for 2014-15 will be presented as an *information* item in May and will return to the Board of Regents for *action* in June. The budgets are proposals only, as they may undergo significant technical or policy adjustments in the interim.

BACKGROUND

The information item will preview the proposed action item coming to the Board of Regents in June. At that time, the Board of Regents will be asked to take the following actions:

1. Adopt the FY15 Operating Budget;
2. Establish tuition rates for all tuition categories for the 2014-15 academic year;
3. Approve certain fee increases for implementation during FY15;
4. Adopt the FY15 Capital Budget; and,
5. Confirm the 2015-17 State Operating and Capital Budget Approach.

Attachment

DRAFT Fiscal Year 2015 (FY15) Budgets with Appendices:

Section 1: Operating Budget

Section 2: Tuition Item

Section 3: Capital Budget

Appendix 1: Proposed Budget, University Operating Resources for Fiscal Year 2015

Appendix 2: Proposed Use of Prior Set Aside for FY15 Required Costs

Appendix 3: UW 10 Year Capital Plan

Appendix 4: UW 2015-2017 State Capital Budget Request and 10 Year Capital Plan

SECTION 1: OPERATING BUDGET

ATTACHMENT

Operating Budget - Revenues and Expenditures by Fund and Category

Budgeted revenues and expenditures for the coming fiscal year are \$6.4 billion, a 6 percent increase over the prior fiscal year. As specified in the 2014 supplemental state operating budget, tuition operating fee revenue presented below includes no increase of resident undergraduate tuition rates.

TABLE 1: Revenues and Expenditures by Area	FY 2015 Proposed	FY 2014 Adopted*	Change FY14 to FY15 (\$)	Change FY14 to FY15 (%)
University Operating Resources				
State General Fund**	246,471,000	253,896,000	(7,425,000)	-3%
Tuition Operating Fee Revenue	608,730,000	556,890,000	51,840,000	9%
Designated Operating Fund	82,035,000	80,674,000	1,361,000	2%
Indirect Cost Recovery	233,000,000	226,771,000	6,229,000	3%
Institutional Overhead	24,000,000	20,000,000	4,000,000	20%
TOTAL REVENUES	1,194,236,000	1,138,231,000	56,005,000	5%
TOTAL EXPENDITURES	1,194,236,000	1,138,231,000		
Research Enterprise				
Grants and Contracts Direct Costs	1,114,898,000	1,089,898,000	25,000,000	2%
TOTAL REVENUES	1,114,898,000	1,089,898,000	25,000,000	2%
TOTAL EXPENDITURES	1,114,898,000	1,089,898,000		
Restricted Funds				
Gift Income & Endowment Distributions	243,800,000	224,715,000	19,085,000	8%
State Restricted Funds	8,776,000	8,844,000	(68,000)	-1%
TOTAL REVENUES	252,576,000	233,559,000	19,017,000	8%
TOTAL EXPENDITURES	252,576,000	233,559,000		
UW Medicine health system (Preliminary)				
UW Medical Center	1,016,000,000	944,000,000	72,000,000	8%
Harborview Medical Center***	830,000,000	785,000,000	45,000,000	6%
Valley Medical Center	489,000,000	450,000,000	39,000,000	9%
NW Hospital	342,000,000	320,000,000	22,000,000	7%
UW Physicians	269,000,000	253,000,000	16,000,000	6%
Airlift NW	43,000,000	50,230,000	(7,230,000)	-14%
UW Neighborhood Clinics	37,000,000	33,100,000	3,900,000	12%
TOTAL REVENUES	3,026,000,000	2,835,330,000	190,670,000	7%
TOTAL EXPENDITURES	3,026,000,000	2,835,330,000		
Auxiliary Activities				
Housing and Dining	99,426,000	91,736,000	7,690,000	8%
Intercollegiate Athletics	103,886,000	95,621,000	8,265,000	9%
Educational Outreach	105,900,000	106,417,000	(517,000)	0%
Parking	37,943,000	36,598,000	1,345,000	4%
Additional Auxiliary Activities	468,000,000	418,443,000	49,557,000	12%
TOTAL REVENUES	815,155,000	748,815,000	66,340,000	9%
TOTAL EXPENDITURES	815,155,000	748,815,000		
Total Revenues	6,402,865,000	6,045,833,000	357,032,000	6%
Total Expenditures	6,402,865,000	6,045,833,000	357,032,000	6%

* FY14 "adopted" revenues and expenditures represent approved budgeted totals, not actuals.

**State General Funds for FY15 include a \$7.3 million reduction in revenue and expense for employee health benefits.

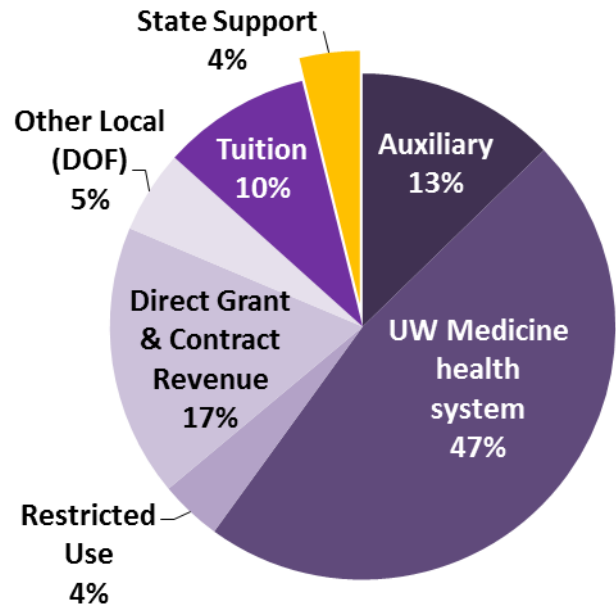
***Harborview Medical Center is managed by UWMC, but appears on King County's financial statement.

Significant Considerations for FY15

The UW's FY15 budget, combining all sources of revenue, is anticipated to be \$6.4 billion.

Primary revenue sources in FY15 include those from the UW Medicine health system, federal grants and contracts and net tuition operating fees. Some revenues have changed materially over the prior year; these are described in relevant sections throughout this information item.

As is standard practice, this information item will provide important draft budget detail in advance of the June meeting, where the UW Board of Regents will take action on the FY15 budget. The Regents will also be asked to approve an approach for the 2015-17 state operating and capital budget process while also reaffirming current fee setting authority and delegated fee approval policy.



2015-17 State Funding Requests: The June action item will include a summary of operating and capital requests that the University administration plans to submit to the Office of Financial Management as a first step in building 2015-17 biennial state capital and operating budgets. Currently, the administration is seeking feedback from leadership across all campuses for both operating and capital budget proposals.

2015-17 Fee Setting Authority: Agency fee increases must receive legislative approval prior to implementation. For FY15, this approval is currently provided in Section 603 of the enacted state biennial budget. Current fee language in both the biennial and supplemental budgets includes a specific clause capping tuition for undergraduate resident students at current rates. For all other fee categories, the Board of Regents is authorized to increase fees "by amounts judged reasonable and necessary by the governing board." The approval will need to be renewed in the 2015-17 budget process for fees that will be increased during FY16 or FY17.

Tuition rates for state-subsidized academic programs, service and activities fees, technology fees, and others are specifically approved by the Regents. The Regents must determine that fee increases are reasonable and necessary. User fee policy delegates fee setting authority to the President and Provost.

Fee increases associated with housing, dining, and other required fees were separately reviewed and approved by the Board and are included in the projection for Auxiliary Units.

UW administration will be required to submit a plan for possible fee increases during fall quarter of 2014 as part of the I-960 process.

University Operating Resources

Many revenue sources are used to fund core university operations. Over time, academic units have experienced growth in operating fee revenue and designated funds, while state funds have declined. This biennium, the UW received an important increase in state funding over the prior biennium.

Core University operations are also funded through indirect cost recovery, overhead from Bothell and Tacoma as well as Seattle auxiliary units, summer quarter tuition revenue, investment income, and miscellaneous fees.

The proposed FY15 University Operating Resources budget is presented in Table 2 below.

TABLE 2: University Operating Resources

University Operating Resources	FY 2015 Proposed	FY 2014 Adopted
General Operating Fund		
State General Fund	246,471,000	253,896,000
Tuition Operating Fees	608,730,000	556,890,000
TOTAL REVENUES	855,201,000	810,786,000
Designated Operating Fund		
Indirect Cost Recovery	233,000,000	226,771,000
Institutional Overhead	24,000,000	20,000,000
Summer Quarter Tuition	50,570,000	51,631,000
Investment Income	16,176,000	16,176,000
Miscellaneous Fees	7,945,000	6,595,000
UWB & UWT Admin Overhead	7,144,000	6,072,000
Administrative Allowances	200,000	200,000
TOTAL REVENUES	339,035,000	327,445,000
TOTAL - UNIVERSITY OPERATING RESOURCES	1,194,236,000	1,138,231,000

State General Fund: As noted previously, the biennial state funding increase was awarded to the UW with the understanding that resident undergraduate tuition rates would remain flat for two years. The decrease in state funding shown above reflects a \$7.3 million reduction in employee health benefit expenses. Note that state revenue was reduced to account for a commensurate decrease in related expenditures. The impact will be neutral. Figured into the state appropriation is a cut related to Lean activities and information technology savings.

Tuition Operating Fees: As specified in the 2013-15 biennial state operating budget, tuition operating fee revenue presented below includes no increase in *resident undergraduate tuition*. However, tuition rates for all other student categories are increasing as planned. Recall that the UW Board of Regents approved tuition rates for all students for two years on July 1, 2013. This budget includes a summary of those decisions applicable to the upcoming academic year (2014-15).

Under the guidelines of Activity Based Budgeting, net operating fee revenue flows back to where it is generated. Accordingly, on the Seattle campus, 70 percent of the net incremental operating fee revenue

from tuition increases will be allocated back to the **academic units** that generate operating fee revenue, while 30 percent will be allocated by the Provost.

Provost Investments: Critical academic enhancements, support services, salary increases, and infrastructure improvements are funded through Provost Investments. Principle allocations in the operating budget include compensation, student access and services, research infrastructure, and sustainable operations. In addition to these, compliance issues are addressed, significant investments in Advancement are made, and targeted enhancements to academic programs are finalized. Importantly, an amount equal to that which would have been distributed under ABB if undergraduate resident tuition had increased by 3 percent will be provided to units and will become part of each unit’s supplement. In addition, units will see a reduction in revenue to account for a commensurate reduction in employee benefits expenditures. Note that Provost Investments are not yet final and will be presented in greater detail in the June item.

Indirect Cost Recovery: The budgeted level of indirect cost recovery revenue is increasing for FY15 for two reasons. First, FY14 indirect cost recovery revenues are currently projected to be above the budgeted level for the year. Second, grant and contract awards in FY14 are currently higher than they were during the same time period in the previous fiscal year, which should lead to an increase in indirect cost recovery revenue in FY 2015.

UW Bothell and Tacoma receive a commensurate share of general state funding as well as all of the tuition revenue they generate. Though Bothell and Tacoma receive some revenue from the sources listed under “Designated Operating Fund,” these amounts are negligible. Table 3 provides an estimate of the core, University Operating Resources budget at the campus level. These values are estimates of projected revenues.

TABLE 3: University Operating Resources by Campus

UNIVERSITY OPERATING RESOURCES	FY 2015 Proposed			
	Seattle	Bothell	Tacoma	TOTAL
State General Fund Base	219,125,000	11,754,000	15,506,000	246,385,000
State Cuts (Health benefits, IT reduction, Lean reduction)	(7,918,000)	(480,000)	(427,000)	(8,825,000)
Proviso Funds (IPD, Law School, other biennial provisos)	7,261,000	566,000	1,084,000	8,911,000
Tuition Operating Fee Revenue	514,146,000	50,042,000	44,542,000	608,730,000
	732,614,000	61,882,000	60,705,000	855,201,000
Designated Operating Fund	339,035,000	0	0	339,035,000
TOTAL REVENUES	1,071,649,000	61,882,000	60,705,000	1,194,000,000

Apart from the University Operating Resource allocations to Seattle, Bothell and Tacoma, which are detailed in Appendix 1, there are a number of central allocations for required costs, which were funded in FY14 but will be allocated in FY15. These are available in Appendix 2.

Research Enterprise

Direct expenditures on grants and contracts are projected to increase slightly in FY15. While the UW's administration remains cautious in regards to growth of direct expenditures on grant and contract budgets, the UW continues to perform above expectations in both securing and spending grants and contracts. As of March 2014, grant and contract spending was \$180 million over the projected amount for FY14.

TABLE 4: Research Enterprise

Revenues	FY 2015 Proposed	FY 2014 Adopted
Research Enterprise		
Grants and Contracts Direct Costs	1,114,898,000	1,089,898,000
TOTAL REVENUES	1,114,898,000	1,089,898,000
TOTAL EXPENDITURES	1,114,898,000	1,089,898,000

Restricted Funds

Expenditures for nearly all gifts and state restricted funds **can only be used** for the purposes specified by the granting agency, donor or the Washington State Legislature.

Gift income and endowment distribution revenue presented below does not provide a comprehensive view of the future years of endowment support. **FY15 revenue is only representative of one year of distribution.** Based on the Board of Regents' approved endowment distribution policy of 5 percent of average quarter market value, we are projecting an endowment distribution of \$128 million (which includes the 1 percent set-aside to offset endowment-related expenses in Treasury and Advancement). Gift income represents anticipated expenditures against "current use" gifts. This year, we project \$115 million in gift income.

The majority of the "state restricted funds" line item is comprised of the Accident and Medical Aid account revenue, which will continue to benefit the School of Public Health for specific activities performed by the Department of Environmental Health in FY15. This category also includes a \$1.5 million appropriation from the Economic Development Strategic Reserve Account to support the Aerospace Center (jointly run by the University of Washington, Washington State University, a \$0.9 million appropriation from a combination of accounts to fund ocean acidification research, a small appropriation from the Biotoxin Account, and other institutions), and a small amount from the Geoduck Aquaculture Account to fund research on shellfish aquaculture techniques.

TABLE 5: Restricted Funds

Revenues	FY 2015 Proposed	FY 2014 Adopted
Restricted Funds		
Gift Income & Endowment Distributions	243,800,000	224,715,000
State Restricted Funds	8,776,000	8,844,000
TOTAL REVENUES	252,576,000	233,559,000
TOTAL EXPENDITURES	252,576,000	233,559,000

UW Medicine Health System

UW Medical Center is part of the UW Medicine health system, which also includes Harborview Medical Center, Northwest Hospital & Medical Center, Valley Medical Center, UW Neighborhood Clinics, UW Physicians, UW School of Medicine, and Airlift Northwest.

Please note that FY15 revenues and expenditures from the UW Medicine health system are preliminary.

TABLE 6: UW Medicine health system

Revenues	FY 2015 Proposed	FY 2014 Adopted
UW Medicine health system (preliminary)		
UW Medical Center	1,016,000,000	944,000,000
Harborview Medical Center	830,000,000	785,000,000
Valley Medical Center	489,000,000	450,000,000
NW Hospital	342,000,000	320,000,000
UW Physicians	269,000,000	253,000,000
Airlift NW	43,000,000	50,230,000
UW Neighborhood Clinics	37,000,000	33,100,000
TOTAL REVENUES	3,026,000,000	2,835,330,000
TOTAL EXPENDITURES	3,026,000,000	2,835,330,000

Auxiliary Units

The University's large, self-sustaining auxiliary business enterprises include Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services. Currently, all are financially stable. Educational Outreach anticipates a reduction in their revenue in the coming year due to slower fee-based degree program introductions and a decline in shared access/single source course enrollment.

The University charges institutional overhead to auxiliary units to recover the cost of central services; this revenue is budgeted in Table 2: University Operating Resources. Increases assumed in revenue projections below are separately reviewed and approved by the Board of Regents in standalone items. The "Additional Auxiliary Activities" are presented in greater detail in Table 7 below.

TABLE 7: Auxiliary Units

Revenues	FY 2015 Proposed	FY 2014 Adopted
Auxiliary Activities		
Housing and Dining	99,426,000	91,736,000
Intercollegiate Athletics	103,886,000	95,621,000
Educational Outreach	105,900,000	106,417,000
Parking	37,943,000	36,598,000
Additional Auxiliary Activities (see below)	468,000,000	418,443,000
TOTAL REVENUES	815,155,000	748,815,000
TOTAL EXPENDITURES	815,155,000	748,815,000

"Additional Auxiliary Activities"	Estimated Revenue
School of Medicine (includes Lab Medicine, medical residents, comparative med, genome sciences, WWAMI)	244,000,000
Misc. Auxiliary Activities*	170,000,000
School of Business (fee based programs and other activities)	22,000,000
UW Bothell and UW Tacoma	18,500,000
Dentistry Clinics and Residents	13,500,000
TOTAL	468,000,000

*The miscellaneous auxiliary activities line is the sum of hundreds of self-sustaining programs.

SECTION 2: TUITION ITEM

Tuition Item

This section is intended to provide the campus community information with respect to tuition and financial aid.

Tuition Rate Review: As noted, undergraduate resident tuition rates will not be increased in 2014-15. Increases in net tuition *revenue* from undergraduate residents will be the result of increased enrollment. Tuition increases for nonresident undergraduate students and all professional and graduate students for the upcoming academic year (2014-15) were approved last July and will be put into effect per previous action. A summary of these rates is available in Table 9.

Financial Aid Policy: There are a number of ways in which tuition policy is intertwined with financial aid policy. Tuition increases without compensatory increases in financial aid affect the University's ability to support its mission of providing student access.

The State requires that the UW use an amount equal to five percent of total tuition revenue collected for financial aid. Additionally, UW policy requires that an amount equal to four percent of the total resident portion of tuition charged to all students be used for tuition waivers – three-fourths of these waivers are awarded on the basis of need and one-fourth on the basis of merit. In recent years, given double-digit increases in tuition for undergraduate residents, a portion of incremental tuition generated by those increases was used for financial aid, and that additional allocation for financial aid has been continued. Finally, a small percentage of the incremental revenue generated by domestic non-residents has been used for a pilot program offering scholarships to domestic non-residents. The decision to start this scholarship program was motivated by a desire to maintain our current level of non-resident enrollments given that this population, in effect, subsidizes the financial aid and basic educational costs for resident students.

In addition, waivers that represent foregone revenue help many students pay for tuition. The largest group of these waivers is automatically awarded to students with graduate service appointments.

Given these policies, the lack of an increase in undergraduate resident tuition, and the increases for all other categories, we expect the tuition revenue and financial aid allocations summarized in Table 8.

The financial role played by non-resident undergraduates is demonstrated in Table 8:

- Non-resident undergraduates contribute disproportionately to net operating fee revenue; undergraduate residents represent only 18 percent of FTE but contribute 37 percent of total net revenue.
- Non-resident undergraduates also contribute considerably more financial aid than is awarded to them; they generate \$25.4 million in financial aid funds but are awarded only \$9.7 million.

TABLE 8: 2014-15 Gross Tuition, Tuition-Based Aid and Net Operating Fee Revenue

2014-15	Undergraduate			Graduate/Professional			Total
	Resident	Nonresident	Total	Resident	Nonresident	Total	
FTE	25,843	8,162	34,005	6,191	5,697	11,888	45,893
Total Tuition Charged (Gross Tuition)	302,041,000	261,190,000	563,231,000	97,637,000	146,234,000	243,871,000	807,102,000
Less Building Fee	15,175,000	11,813,000	26,988,000	3,588,000	4,975,000	8,563,000	35,551,000
Operating Fee Charged (Gross Op Fee Re	286,866,000	249,377,000	536,243,000	94,049,000	141,258,000	235,307,000	771,550,000
State-Mandated Return to Aid	13,759,000	12,224,000	25,983,000	4,108,000	3,593,000	7,701,000	33,684,000
University of Washington Aid	30,698,000	9,491,000	40,189,000	3,793,000	3,197,000	6,990,000	47,179,000
Waivers - Foregone Revenue ¹	2,542,000	3,669,000	6,211,000	8,869,000	66,879,000	75,748,000	81,959,000
Net Operating Fee Revenue	239,868,000	223,993,000	463,861,000	77,278,000	67,589,000	144,867,000	608,728,000
Total Aid from Group	46,998,000	25,384,000	72,382,000	16,771,000	73,669,000	90,440,000	162,822,000
Aid from Group as % of Gross	16%	10%	13%	18%	52%	38%	21%
Total Aid to Group	61,541,000	9,669,000	71,210,000	24,733,000	66,879,000	91,612,000	162,822,000
Aid to Group as % of Gross	21%	4%	13%	26%	47%	39%	21%

¹ More than 75% of waivers representing foregone revenue are provided to graduate teaching and research assistants as function of their appointment.

TABLE 9: Approved Tuition Rates for FY15 (2014-15 Academic Year)

		FY 2014	FY 2015	
		Tuition	% Change	Tuition
Seattle Campus				
Undergraduate	Resident	\$11,305	0.0%	\$11,305
	Non-Resident	\$30,879	5.0%	\$32,424
Graduate Tier I	Resident	\$14,211	7.0%	\$15,207
	Non-Resident	\$26,460	3.0%	\$27,255
Graduate Tier II	Resident	\$14,574	7.0%	\$15,594
	Non-Resident	\$27,027	3.0%	\$27,837
Graduate Tier III	Resident	\$14,904	7.0%	\$15,948
	Non-Resident	\$27,594	3.0%	\$28,422
College of the Environment Graduate Programs	Resident	\$14,574	7.0%	\$15,594
	Non-Resident	\$27,027	3.0%	\$27,837
Master of Education and Master in Teaching	Resident	\$14,301	5.0%	\$15,015
	Non-Resident	\$27,027	3.0%	\$27,837
Doctor of Education and Education PhD	Resident	\$14,301	5.0%	\$15,015
	Non-Resident	\$27,027	3.0%	\$27,837
Master of Library and Information Science (MLIS)	Resident	\$14,349	3.0%	\$14,778
	Non-Resident	\$27,780	3.0%	\$28,614
Master of Social Work	Resident	\$15,840	5.0%	\$16,632
	Non-Resident	\$27,738	3.0%	\$28,569
Master of Public Health	Resident	\$16,131	3.0%	\$16,614
	Non-Resident	\$32,754	3.0%	\$33,738
Public Health Graduate Programs (other than MPH)	Resident	\$14,904	7.0%	\$15,948
	Non-Resident	\$27,594	3.0%	\$28,422

TABLE 9, Continued: Approved Tuition Rates for FY15 (2014-15 Academic Year)

		FY 2014 Tuition	FY 2015	
			% Change	Tuition
Seattle Campus				
College of Built Environments Masters - Construction Mgmt. Landscape Architecture, Urban Design & Planning	Resident	\$14,910	7.0%	\$15,954
	Non-Resident	\$27,585	3.0%	\$28,413
College of Built Environments Masters - MArch and MSRE (Real Estate)	Resident	\$15,771	7.0%	\$16,875
	Non-Resident	\$34,500	3.0%	\$35,535
Master of Chemical Engineering	Resident	\$18,975	5.0%	\$19,923
	Non-Resident	\$29,913	5.0%	\$31,410
Masters of Industrial and Systems Engineering	Resident	\$18,975	5.0%	\$19,923
	Non-Resident	\$29,913	5.0%	\$31,410
Master of Material Science and Engineering	Resident	\$18,975	5.0%	\$19,923
	Non-Resident	\$29,913	5.0%	\$31,410
Master of Public Affairs (MPA)	Resident	\$18,324	5.0%	\$19,239
	Non-Resident	\$32,886	5.0%	\$34,530
Nursing Master and Doctor of Nursing Practice	Resident	\$23,358	9.0%	\$25,461
	Non-Resident	\$42,021	9.0%	\$45,804
Doctor of Pharmacy	Resident	\$25,233	5.0%	\$26,496
	Non-Resident	\$46,872	5.0%	\$49,215
Master of Business Administration (Incoming)	Resident	\$27,858	5.0%	\$29,250
	Non-Resident	\$41,034	5.0%	\$43,086
Master of Business Administration (Continuing) ¹	Resident	\$26,529	5.0%	\$27,855
	Non-Resident	\$39,084	5.0%	\$41,037
Law (JD)	Resident	\$30,891	0.0%	\$30,891
	Non-Resident	\$43,932	0.0%	\$43,932
Master of Laws (LLM)	Resident	\$17,889	0.0%	\$17,889
	Non-Resident	\$34,839	0.0%	\$34,839
Law PhD	Resident	\$17,889	0.0%	\$17,889
	Non-Resident	\$34,839	0.0%	\$34,839
Dental Professional (DDS) Year 1 ²	Resident	\$35,058	10.0%	\$38,565
	Non-Resident	\$55,575	7.0%	\$59,466
Dental Professional (DDS) Year 2 ²	Resident	\$35,058	10.0%	\$38,565
	Non-Resident	\$55,575	7.0%	\$59,466
Dental Professional (DDS) Year 3 ²	Resident	\$32,406	19.0%	\$38,562
	Non-Resident	\$55,575	7.0%	\$59,466
Dental Professional (DDS) Year 4 ²	Resident	\$32,406	10.0%	\$35,646
	Non-Resident	\$55,575	7.0%	\$59,466
Graduate Dental - Oral Biology	Resident	\$13,503	5.0%	\$14,178
	Non-Resident	\$26,076	5.0%	\$27,381
Graduate Dental - Oral Medicine, Pediatric Dentistry, Periodontics, and Prosthodontics	Resident	\$14,997	5.0%	\$15,747
	Non-Resident	\$27,369	5.0%	\$28,737
Graduate Dental - Endodontics	Resident	\$16,494	5.0%	\$17,319
	Non-Resident	\$27,369	5.0%	\$28,737
Graduate Dental - Orthodontics	Resident	\$21,003	5.0%	\$22,053
	Non-Resident	\$27,369	5.0%	\$28,737
Medical Professional (MD)	Resident	\$29,094	7.0%	\$31,131
	Non-Resident	\$58,083	3.5%	\$60,117

TABLE 9, Continued: Approved Tuition Rates for FY15 (2014-15 Academic Year)

		FY 2014 Tuition	FY 2015	
			% Change	Tuition
Bothell Campus				
Bothell - MBA Incoming	Resident	\$22,371	1.0%	\$22,596
	Non-Resident	\$28,329	0.0%	\$28,329
Bothell - MBA Continuing ¹	Resident	\$21,720	3.0%	\$22,371
	Non-Resident	\$28,329	0.0%	\$28,329
Tacoma Campus				
Tacoma - MBA Incoming	Resident	\$19,539	3.0%	\$20,124
	Non-Resident	\$32,517	3.0%	\$33,492
Tacoma - MBA Continuing ¹	Resident	\$18,966	3.0%	\$19,536
	Non-Resident	\$31,569	3.0%	\$32,517
¹ The MBA programs have a cohort tuition structure (that is, there are different rates for incoming and continuing students). For these programs, it must be understood that the change in tuition is not applied to students but is applied to the rate for a category. For example, a Seattle MBA resident student who entered in Fall 2013 paid tuition of \$27,858; although the MBA resident continuing rate shows a 5% increase, the increase is applied only to that tuition category; the MBA student entering her/his second year will be charged tuition of \$27,858 for 2014-15.				
² The DDS program also has a cohort tuition structure. Again, the tuition increase for a given tuition category should not be confused with the tuition increase that will be faced by students in a given cohort.				

SECTION 3: CAPITAL BUDGET

Capital Budget

The UW capital budget is generally developed and funded on a biennial basis. Because the state legislature did not pass a supplemental capital budget in 2014, there are no significant additions or changes to the capital budget presented to the Regents for approval last year.

There are, in essence, three views of the capital budget. The first is a Ten-Year, One Capital Plan that is meant to identify all major capital budget needs at all campuses. This Plan provides a prioritized, but somewhat fluid document that changes as circumstances or funding mechanisms become available. The second layer is the state budget, which puts forth certain projects from the One Capital Plan for state funding. Note that not all projects in the UW's plan would be identified for state funding (in other words, not all UW projects would appear on the state budget plan). The final view, "FY15 Projects for Review" is a snapshot of the projects that we would anticipate bringing to the Board of Regents for approval in the upcoming fiscal year.

Possible FY15 Projects for Upcoming Regental Review: A summary of major capital projects likely to come before the Board of Regents for review and approval in FY15 is provided below, all of which may have a component of debt funding. Note that the estimated project costs may change as more information becomes available. Per policy, major capital projects over \$15 million will return to the Board of Regents for approval on an individual project basis.

Athletics

ICA Basketball Operations and Practice Center - \$62 million

Housing

UW Bothell – Student Housing & Dining Phase 2 - \$80 million

UW Seattle Student Housing, North Campus – Haggett Hall Replacement - \$103.7 million

UW Seattle Student Housing, North Campus – McCarty Hall Replacement - \$130.7 million

UW Seattle Student Housing, North Campus – McMahan Hall Renovation - \$143.3 million

Infrastructure

UW Bothell – Parking & Transportation Improvements - \$26 million

Instruction

CAS – Life Sciences Building - \$160 million

CoE – Engineering and Computer Science Collaboration and Education - \$109 million

Research

CoE – Molecular Engineering Phase II - \$65 million

South Lake Union 3.2 - \$153 million

Ten-Year One Capital Plan: In preparation for the 2015-17 state capital budget submission, the UW Ten-Year One Capital Plan has been updated. A comprehensive list of proposed projects identified in the One Capital Plan is provided for information in Appendix 3. The Plan summarizes major proposed capital needs, aggregate minor capital needs and key planning initiatives in the 2015-17 biennium in conjunction with identified needs over the next ten years for all UW enterprises, including UW Seattle, UW Bothell, UW Tacoma, UW Auxiliary Units (Educational Outreach, Housing and Food Services, Intercollegiate Athletics, Parking and Transportation Services), and the UW Medical Center.

Projects are presented in three categories: Fundamental, Funding Potential and Funding Opportunities. The first two categories align with potential capital funding. The last category represents additional capital needs that extend beyond capital funding expectations within the next ten years. The UW Capital Plan identifies possible fund sources for all UW capital projects including State of Washington Building Construction bonds, UW Building Account funds, UW debt, donor funds, and local funds. State appropriated capital funds continue to be critical to the UW Capital Budget. However, as the state's ability to provide capital funding diminishes, the UW increasingly relies on other fund sources, including UW-issued debt, to finance capital projects.

2015-17 State Capital Budget Request: UW administration seeks approval to begin work on the UW's 2015-17 state capital budget submission. In this budget submission, the UW proposes to request state funds to support projects in minor capital repairs, building infrastructure and system renewal, and classroom improvements. Major projects include Health Sciences Education T-Wing Addition/Renovation, Life Sciences, Engineering and Computer Sciences, Lewis Hall Renovation, and UW Tacoma Urban Solution Center. Other projects include UW Tacoma Groundwater and Soil Remediation, UW Libraries Archival Storage, Nursing Simulation Learning Lab, and Health Sciences Interprofessional Education Classroom. The ten year plan showing all projects proposed for state funding is provided in Appendix 4.

1. Minor Capital Repair - Preservation - \$109.8 million

Through a combination of state and building account funds the UW intends to reinvest in the preservation and renewal of facilities across campus. Examples of projects that are included in this category include infrastructure upgrades to support information technology, building repairs, utilities and site work repair, life safety improvements and upgrades to support the academic and research programs.

2. Minor Capital Repair – Classroom Improvements - \$12 million

Classroom improvement projects including items such as updated technology, replacing lighting, new seating and tables, and other improvements.

3. Health Sciences Education T-Wing Addition/Renovation - \$8 million

The UW will request funding for pre-design and design phases for an addition and renovation of the T-Wing of Health Sciences Education Building. Besides repairing and upgrading outdated building systems, this project will provide flexible learning laboratories, meeting spaces for community dialogue, immersive learning centers including multiple simulation-based learning environments, digital and/or other library facilities, and state of the art classrooms.

4. CAS – Life Sciences Building - \$40 million

This project will replace the existing greenhouse with a new facility and will accommodate new laboratory and office space so that the Department of Biology can increase its faculty size to meet increases in undergraduate student demand. Biology is the most popular major at the UW with more than 1,600 undergraduates and nearly 700 students earning a Bachelor of Science in biology each year. The Department is also home to the largest STEM undergraduate program in the state of Washington. Total project cost is estimated to be \$160 million.

5. CoE – Engineering & Computer Science Collaboration and Education - \$20 million

This building will create expansion space for the highly successful and growing Computer Science & Engineering program as well as provide space for interdisciplinary collaboration in the quantitative and computational sciences. This new 120,000 gross square feet building has emerged as a top priority for the UW in response to high demand for enrollment in the STEM fields, particularly in computer science and engineering. Total project cost is estimated to be \$109 million.

6. UW Tacoma, Urban Solutions Center & Classroom Building Renovation - \$16.4 million

This project will renovate the TPS Company Building in order to provide UW Tacoma with necessary capacity to meet its mandate for higher education opportunity in the South Puget Sound Region. In this biennium, funding for the project is dedicated to construction. The state appropriated \$1.9 million in 2013-15 for design. The current project cost is approximately \$35 million; the balance will be funded by other sources.

7. UW Libraries Archival Storage – Sand Point Building 5 - \$7 million

Increasing the remote archival storage capacity for the UW Libraries will facilitate repurposing of existing library shelving space. The repurposed spaces will enable multiple renovations on the UW Seattle campus aimed to support the academic and research missions of the UW. Local funding for pre-design in 2013-15 has positioned this project for a state funding request for design/construction in the 2015-17 biennium.

8. SON – Nursing Simulation Learning Lab - \$4 million

This project will create a new Nursing simulation lab to provide students with the opportunity to translate theoretical knowledge into a safe clinical experience using realistic patient scenarios. The total project is anticipated to cost approximately \$6 million.

9. Health Sciences Interprofessional Education Classroom Phase 1 - \$3 million

This project will create a new IPE-specific learning space capable of meeting the educational needs of the health sciences. The nature of interprofessional training requires high levels of personal interactions between health care professionals in an active learning environment.

10. UW Tacoma Groundwater and Soil Remediation - \$10 million

UWT requires additional state funds for ongoing remediation of soil and groundwater contamination within areas of Tacoma’s historic rail corridor and manufacturing district on the lower Pacific Avenue where the campus is located. The ability of UWT to provide the capacity necessary to meet its mandate for higher education opportunity in the South Puget Sound Region is reliant on future capital investments and campus site improvements.

11. CAS – Lewis Hall - \$16 million

This phased renovation of Lewis Hall targets major infrastructure, life safety, and structural systems to extend the useful life of one of the oldest buildings on the UW Seattle Campus. The state appropriated \$1.5 million in 2007-09 for design and \$2.6 million in 2013-15 for exterior improvements, including roof replacement. The total project is anticipated to cost approximately \$20 million over three biennia.

12. RV Barnes Replacement - \$13.5 million

The RV Barnes, a research vessel, is a critical research component of the College of the Environment as well as other schools and colleges. Funds are needed to build a state-of-the-art research vessel to continue the Barnes’ legacy of advancing scientific research and education in our region. A new vessel will support the mission of many partners, who share a common goal of understanding and stewarding the Pacific Northwest’s rich marine and freshwater ecosystems.

13. Burke Museum (UW serving as the agent for funding submission) - \$31.2 million

The project will result in an architecturally noteworthy facility that reflects the museum's core institutional values; makes the collections and research accessible and engaging; integrates a cross-disciplinary approach to achieving the museum's vision; and facilitates meaningful visitor engagement with exhibitions, on-site programs, public amenities, and outreach services.

Appendix 1
Proposed Budget
University Operating Resources for Fiscal Year 2015

	FY 2015 Proposed	FY 2014 Adopted
<u>REVENUES</u>		
State General Fund	246,471,000	253,896,000
Net Tuition Operating Fee	608,730,000	556,890,000
Designated Operating Fund	82,035,000	80,674,000
Institutional Overhead	24,000,000	20,000,000
Indirect Cost Recovery	233,000,000	226,771,000
TOTAL REVENUES	1,194,236,000	1,138,231,000
<u>EXPENDITURES</u>		
<u>Adjusted Base Budget</u>	1,138,397,000	
<u>Incremental Tuition Allocation to Academic Units</u>		
UW Seattle Academic Units	29,010,000	
UW Bothell	6,076,000	
UW Tacoma	4,321,000	
Subtotal	39,407,000	
<u>Incremental Allocations to the Provost</u>		
Strategic Investments from Tuition	8,144,000	
UW Seattle Academic Units - State Fund Adjustment	2,802,000	
UW Bothell State Fund Adjustment	781,000	
UW Tacoma State Fund Adjustment	706,000	
Subtotal	12,433,000	
<u>Other Adjustments</u>		
Legislative Directives-UW Tacoma Law School	400,000	
Legislative Directives-Institute for Protein Design	1,000,000	
Summer Quarter Cost savings	(1,329,000)	
Health Insurance	(7,335,000)	
Lean Cut	(1,200,000)	
Administrative Salary Increases	7,732,000	
FY2013 Indirect Cost Recovery	2,113,000	
Dedicated ICR for School of Medicine facilities	2,618,000	
Subtotal	3,999,000	
<u>Use of Fund Balance</u>		
HR/Payroll System	5,400,000	
TOTAL EXPENDITURES	1,194,236,000	

Appendix 2*
Proposed Use of Prior Set Aside for FY15 Required Costs

Item	FY 2015 Change
<u>Institutional Budgets</u>	
Utilities:	
Electricity	168,000
Solid Waste	55,000
Power Plant	250,000
<hr/>	
Subtotal utilities:	473,000
Other institutional budgets:	
Fee Based TA's tuition	100,000
Strategic Real Estate Investments	3,500,000
Transportation Subsidy	40,000
Judgments, Settlements Fund	350,000
Green Seed Fund Support	275,000
Retiree and Other Special Parking	60,000
Mainframe Financing agreement	1,500,000
Workers Compensation	448,000
Revolving Funds	54,000
Labor Negotiations	200,000
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Subtotal other institutional budgets:	6,527,000
Total Required Cost Increases	7,000,000

*Appendix 2 displays the planned allocation of \$7 million of funding set aside in FY14 for required cost increases in FY15. In other words, the table above represents FY15 planned allocations from funding set aside last fiscal year.

DRAFT - APPENDIX 3

UW 10 Year Capital Plan		UW Office of Planning and Budgeting			
Proposed Projects by Tier and Program Use		GSF	Total Cost/ GSF	Total Est Cost (\$,000)	Range +/-
I Fundamental Projects					
Clinic					
UWMC - Capital Improvements Construction and Equipment	-	-	244,800		
UWMC - IT Core Applications and Infrastructure	-	-	169,500		
Infrastructure					
Metropolitan Tract Acquisition & Recapitalization	-	-	100,000		
Minor Capital Repair - Preservation	-	-	553,862		
Minor Capital Repair - Program Renewal	-	-	17,500		
Planning - Emergent Planning Studies	-	-	1,400		
Planning - UW Seattle Campus Master Plan Initiative	-	-	2,700		
UW Preventative Facility Maintenance	-	-	155,650		
UW Seattle - Strategic Real Estate Investment	-	-	65,000		
UWIT - Network Routing Center Upgrades	-	-	8,000		
Instruction					
UW Seattle - Classroom Improvements	-	-	12,000		
Sub Totals:	-	-	1,330,412		
II Proposed Projects - Funding Potential					
Athletics					
ICA - Basketball Operations and Practice Center	45,000	1,378	62,000	20%	
ICA - Graves Hall Renovation	30,000	1,000	30,000	20%	
ICA - Roadside Enhancement/Landscaping/Wayfinding	-	-	2,000	20%	
ICA - Sand Volleyball Facility	-	-	400	20%	
ICA - Soccer Grandstand and Related Support Facilities	32,800	1,067	35,000	20%	
ICA - Softball Press Box Upgrades and Grandstand Roof and Expansion	-	-	5,000	20%	
ICA - Team Operations Building for Track and Field and Soccer	17,000	471	8,000	20%	
ICA - Track and Field Grandstands	-	-	4,000	20%	
Clinic					
UWMC - Front Entrance	-	-	15,000		
Housing					
UW Bothell - Student Housing & Dining Phase 2	160,000	500	80,000	20%	
UW Seattle Student Housing - North Campus - Haggett Hall Replaceme	186,265	557	103,700	15%	
UW Seattle Student Housing - North Campus - McCarty Hall Replacem	166,509	785	130,700	15%	
UW Seattle Student Housing - North Campus - McMahan Hall Renovati	257,899	556	143,300	15%	
Infrastructure					
Enterprise Information System - Student/Financial System Replaceme	-	-	80,000	20%	

Proposed Projects by Tier and Program Use	GSF	Total Cost/ GSF	Total Est Cost (\$,000)	Range +/-
Major Infrastructure - C-wing Courtyard Membrane Replacement	-	-	4,500	20%
Major Infrastructure - Multiple Projects	-	-	65,000	
Major Infrastructure - Pend Oreille Improvements	-	-	28,000	20%
Major Infrastructure - UWIT 4545 Data Center Upgrades	-	-	2,000	20%
Rainier Vista Corridor - Open Space Improvements	-	-	26,000	
UW Bothell - Major Infrastructure Projects	-	-	15,750	
UW Bothell - Parking & Transportation Improvements	-	-	26,000	20%
UW Bothell - Strategic Real Estate Investment	-	-	30,000	
UW Seattle - Burke Gilman Trail Development	-	-	28,400	20%
UW Seattle - Campus Landscape Improvements	-	-	50,000	
UW Seattle - Major Infrastructure Projects	-	-	86,850	
UW Seattle Parking - E1 Improvements	-	-	5,000	20%
UW Seattle Parking - S-1 Garage structural maintenance and repairs	-	-	7,300	20%
UW Seattle Parking Mgmt Systems Procurement & Implementation	-	-	7,100	10%
UW Tacoma - Strategic Real Estate Investment	-	-	23,000	
UW Tacoma Development and Soil Remediation	-	-	72,500	
Instruction				
Burke Museum	70,319	1,067	75,000	10%
CAS - Eagleson Hall Renovation	18,966	700	13,276	20%
CAS - Gowen and Raitt Halls Renovation I	117,000	156	18,200	20%
CAS - Lewis Hall Renovation	23,220	864	20,065	10%
CAS - Life Sciences Building I	173,000	925	160,000	12%
CAS - Padelford Hall Renovation	138,555	123	17,000	20%
CAS - Smith Hall Renovation	86,339	277	23,950	20%
CoE - Academic Building Renovation	60,000	495	29,700	20%
CoE - Engineering and Computer Science Collaboration and Education	130,000	838	109,000	15%
CoEduc - Miller Hall Renovation	72,655	606	44,000	20%
CoEnv - Anderson Hall Renovation	33,543	650	21,803	20%
Engineering Library Learning Center Renovation	40,000	600	24,000	20%
Evans School - Parrington Hall Remodel	58,775	204	12,000	20%
Foster School of Business - McKenzie Hall Replacement	43,000	800	34,400	20%
Health Sciences Education Phase I - T Wing Addition/Renovation	120,000	786	94,300	20%
Health Sciences Education Phase II - T Wing Renovation	162,400	548	89,000	20%
Health Sciences Education Phase III - T Wing Renovation	150,000	550	82,500	20%
Health Sciences Interprofessional Education Classroom Phase I	10,000	300	3,000	20%
Information School - Building Renovation	40,000	400	16,000	20%
Interdisciplinary Classroom Building - Central Campus	90,000	667	60,000	20%
School of Dentistry - Dental School and CE Center	260,000	1,000	260,000	20%

Proposed Projects by Tier and Program Use	GSF	Total Cost/ GSF	Total Est Cost (\$,000)	Range +/-
SON - Nursing Simulation Learning Lab	15,000	400	6,000	20%
UW Botanical Gardens - Aboretum Education Building / Café	8,000	625	5,000	20%
UW Botanical Gardens - Outdoor Improvements	-	-	2,850	20%
UW Bothell - Phase 4 - Academic STEM	105,000	552	58,000	20%
UW Bothell - Phase 5 - Academic Life Sciences	93,333	600	56,000	20%
UW Bothell - Phase 6 - Academic Building	83,333	600	50,000	20%
UW Educational Outreach - Community Gateway Building	80,000	600	48,000	20%
UW Libraries - Archival Storage Sand Point Building 5	72,000	111	8,000	20%
UW Tacoma - McDonald Smith Renovation	35,000	271	9,500	20%
UW Tacoma - Swiss / Wild Renovation	34,000	441	15,000	20%
UW Tacoma - Tioga Renovation	20,000	375	7,500	20%
UW Tacoma - Urban Solutions Center - Classroom Building Renovation	40,000	875	35,000	15%
William H. Gates Hall - Law School Program Improvements	-	-	4,000	20%
Research				
Applied Physics Laboratory Research Building	150,000	800	120,000	20%
CAS - Guthrie Hall Addition	160,000	731	117,000	20%
CAS - Kincaid Hall Renovation	85,000	576	49,000	20%
CoE - Center for Advanced Materials and Clean Energy Technologies	220,000	1,000	220,000	20%
CoE - Center for Interdisciplinary Research & Education - Phase I	220,000	641	141,000	20%
CoE - Classroom & Research Renovation	26,800	500	13,400	20%
CoE - Innovation Collaboration Center	300,000	423	126,800	20%
CoE - Molecular Engineering Phase II	70,000	929	65,000	15%
CoEduc - Haring Center for Education Research and Teaching	75,000	400	30,000	20%
CoEnv - Research Vessel - Barnes Replacement	-	-	13,500	20%
Core Research Facilities - IT Upgrade	-	-	1,700	20%
Fluke Hall Renovation - C4C 2nd floor phase 2	9,500	300	2,850	20%
Health and Life Sciences - Hitchcock West	150,000	1,156	173,400	20%
Portage Bench Research Center - UW/NOAA/Partners	250,000	1,000	250,000	20%
SOM - South Lake Union Phase 3.2	171,000	895	153,000	15%
SOM - South Lake Union Phase 3.3	262,000	755	197,700	20%
SPH - Portage Bay Research Building I	250,000	808	202,000	20%
UW Tacoma - Innovation Partnership Zone - Phase 2	60,000	467	28,000	20%
UW Tacoma - Innovation Partnership Zone - Phase 3	60,000	500	30,000	20%
Student Life				
Childcare Center Expansion	20,000	450	9,000	20%
Sub Totals:	5,918,211	436	4,631,894	

Proposed Projects by Tier and Program Use	GSF	Total Cost/ GSF	Total Est Cost (\$,000)	Range +/-
III Proposed Projects - Future Funding Opportunities				
Athletics				
ICA - Dempsey Indoor Facility Parking Garage	-	-	6,000	20%
Housing				
UW Bothell - Student Housing Phase 3	110,000	500	55,000	20%
Infrastructure				
UW Seattle Parking - North Campus Garage	-	-	15,000	20%
UW Seattle Parking - UW Tower Garage Replacement	-	-	24,000	20%
Instruction				
CAS - Academic Building - Repurpose Renovation	80,000	625	50,000	20%
CAS - Communications Building Renovation I	80,000	212	17,000	20%
CAS - Fine Arts Center & Library	189,000	344	65,000	20%
CAS - Fine Arts District	279,000	1,552	433,000	20%
CAS - Hutchinson Hall Renovation	55,164	674	37,200	20%
CAS - Renewal Program V	124,000	100	12,400	20%
CAS - Renewal Program VI	73,000	100	7,300	20%
CAS - Thompson Hall Renovation	62,687	798	50,000	20%
CoEnv - Building Renovation	60,000	583	35,000	20%
Health Sciences Education Phase IV - T Wing Renovation	120,000	367	44,000	20%
Health Sciences Renovation - AA Wing	25,800	223	5,745	20%
Health Sciences Renovation - B Wing - Dental School Improvements	50,000	403	20,150	20%
Health Sciences Renovation - BB Wing - Office Renovation	50,000	400	20,000	20%
Health Sciences Renovation - D Wing - Dental School Improvements	115,000	191	21,925	20%
Health Sciences Renovation - D&C Core - Office Repurpose	185,000	265	49,000	20%
Odegaard Undergraduate Learning Center Phase 2	65,000	300	19,500	20%
Robinson Center for Young Scholars	10,000	500	5,000	20%
UW Tacoma - Green Field Development	250,000	350	87,500	20%
Research				
CAS - Life Sciences Building II	190,000	868	165,000	20%
CoE - Center for Interdisciplinary Research & Education - Phase II	150,000	1,000	150,000	20%
CoE - Center for Interdisciplinary Research & Education - Phase III	150,000	1,000	150,000	20%
Core Research Facilities - ARCF II	60,000	1,542	92,500	20%
Core Research Facilities - K wing vivarium upgrades	-	-	-	
Core Research Facilities - T wing vivarium upgrades	-	-	-	
Foege West	175,000	1,100	192,500	20%
Health and Life Sciences - Hitchcock East	70,000	1,000	70,000	20%
Health Sciences Renovation - H Wing - Research Repurpose	132,000	417	55,000	20%
Health Sciences Renovation - H&F Core - Office Repurpose	202,000	235	47,500	20%

DRAFT

Proposed Projects by Tier and Program Use	GSF	Total Cost/ GSF	Total Est Cost (\$,000)	Range +/-
Health Sciences Renovation - I Wing - Office & Education Repurpose	135,000	237	32,000	20%
Health Sciences Renovation - RR Wing	140,512	750	105,384	20%
Portage Bay Research Building II	250,000	720	180,000	20%
Student Life				
House of Knowledge Longhouse - Phase II	8,432	830	7,000	15%
OMAD - Instructional Center Renovation & Addition	16,000	1,125	18,000	20%
UW Bothell - Student Activity Center Phase 2	23,000	652	15,000	20%
Sub Totals:	3,685,595	525	2,359,604	
Total Tiers I, II, and III:	9,603,806	426	8,321,910	

DRAFT - APPENDIX FOUR

**University of Washington
2015-2017 State Capital Budget Request and 10 Year Capital Plan
(\$ in 1,000s)**

Priority	Requested Projects			2015-2017		2017-2019		2019-2021		2021-2023		2023-2025		TOTAL
	Name	Type	Phase	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Appropriated
1	Minor Capital Repair - Preservation	Repair	D/C	57,800	52,000	52,500	52,000	52,500	52,000	52,500	52,000	52,500	52,000	267,800
2	UW Seattle - Classroom Improvements	Teaching	D/C	-	12,000	-	12,000	-	12,000	-	12,000	-	12,000	-
3	Health Sciences Education Phase I - T Wing Addition/Renovation	Teaching	PD/D/C	8,000	-	60,000	-	26,350	-	-	-	-	-	94,350
4	CAS - Life Sciences Building I	Teaching/Research	C	40,000	-	-	-	-	-	-	-	-	-	40,000
5	CoE - Engineering and Computer Science Collaboration and Educati	Teaching/Research	C	20,000	-	-	-	-	-	-	-	-	-	20,000
6	UW Tacoma - Urban Solutions Center - Classroom Building Renovat	Teaching	C	16,400	-	-	-	-	-	-	-	-	-	16,400
7	UW Libraries - Archival Storage Sand Point Building 5	Teaching	D/C	7,000	-	-	-	-	-	-	-	-	-	7,000
8	SON - Nursing Simulation Learning Lab	Teaching	D/C	4,000	-	-	-	-	-	-	-	-	-	4,000
9	Health Sciences Interprofessional Education Classroom Phase I	Teaching	D/C	3,000	-	-	-	-	-	-	-	-	-	3,000
10	UW Tacoma Development and Soil Remediation	Infrastructure	Acq	10,000	-	10,000	-	10,000	-	12,500	-	12,500	-	55,000
11	CAS - Lewis Hall Renovation	Teaching	C	16,000	-	-	-	-	-	-	-	-	-	16,000
12	CoEnv - Research Vessel - Barnes Replacement	Research	D/C	13,500	-	-	-	-	-	-	-	-	-	13,500
13	UW Bothell - Phase 4 - Academic STEM	Teaching	PD/D/C	400	-	5,600	-	52,000	-	-	-	-	-	58,000
14	CoE - Center for Interdisciplinary Research & Education - Phase I	Teaching/Research	PD/D	400	-	7,600	-	-	-	-	-	-	-	8,000
15	CoEnv - Anderson Hall Renovation	Teaching	D/C	2,200	-	19,400	-	-	-	-	-	-	-	21,600
16	CoEduc - Miller Hall Renovation	Teaching	PD/D/C	500	-	3,900	-	39,600	-	-	-	-	-	44,000
17	CoE - Innovation Collaboration Center	Research	PD	7,000	-	-	-	-	-	-	-	-	-	7,000
18	UW Tacoma - McDonald Smith Renovation	Teaching	PD/D/C	9,500	-	-	-	-	-	-	-	-	-	9,500
19	UW Tacoma - Swiss / Wild Renovation	Teaching	PD/D/C	2,000	-	13,000	-	-	-	-	-	-	-	15,000
20	UW Tacoma - Tioga Renovation	Teaching	PD/D/C	7,500	-	-	-	-	-	-	-	-	-	7,500

Priority	Requested Projects			2015-2017		2017-2019		2019-2021		2021-2023		2023-2025		TOTAL
	Name	Type	Phase	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Funds	UW Building Account	State Appropriated
21	UW Tacoma - Strategic Real Estate Investment	Land Acquisition	Acq	3,000	-	3,000	-	3,000	-	3,000	-	3,000	-	15,000
22	UW Seattle - Major Infrastructure Projects	Infrastructure	PD/D/C	12,000	-	12,000	-	8,000	-	8,000	-	5,000	-	45,000
23	UW Bothell - Major Infrastructure Projects	Infrastructure	PD/D/C	500	-	10,000	-	250	-	5,000	-	-	-	15,750
24	UW Tacoma - Innovation Partnership Zone - Phase 2	Teaching	PD/D	3,000	-	-	-	-	-	-	-	-	-	3,000
25	School of Dentistry - Dental School and CE Center	Teaching/Research	PD/D	-	-	30,000	-	-	-	-	-	-	-	30,000
26	CoE - Center for Advanced Materials and Clean Energy Technologie	Research	PD/D	-	-	250	-	3,000	-	-	-	-	-	3,250
27	Engineering Library Learning Center Renovation	Teaching	PD/D/C	-	-	2,200	-	21,800	-	-	-	-	-	24,000
28	Health and Life Sciences - Hitchcock West	Research	PD/D	-	-	-	-	15,000	-	-	-	-	-	15,000
29	Interdisciplinary Classroom Building - Central Campus	Teaching	PD/D/C	-	-	5,000	-	55,000	-	-	-	-	-	60,000
30	CoE - Classroom & Research Renovation	Teaching/Research	PD/D/C	-	-	13,400	-	-	-	-	-	-	-	13,400
31	SPH - Portage Bay Research Building I	Research	PD/D/C	-	-	10,800	-	35,000	-	-	-	-	-	45,800
32	UW Bothell - Phase 5 - Academic Life Sciences	Teaching	PD/D/C	-	-	500	-	5,000	-	50,500	-	-	-	56,000
33	CAS - Gowen and Raitt Halls Renovation I	Teaching	PD/D/C	-	-	350	-	1,600	-	16,250	-	-	-	18,200
34	CAS - Smith Hall Renovation	Teaching	PD/D/C	-	-	250	-	2,200	-	21,500	-	-	-	23,950
35	CAS - Guthrie Hall Addition	Teaching/Research	PD/D/C	-	-	500	-	17,000	-	100,000	-	-	-	117,500
36	CAS - Eagleson Hall Renovation	Teaching	PD/D/C	-	-	1,300	-	12,000	-	-	-	-	-	13,300
37	CAS - Padelford Hall Renovation	Teaching	PD/D/C	-	-	2,500	-	14,500	-	-	-	-	-	17,000
38	Health Sciences Education Phase II - T Wing Renovation	Teaching	D/C	-	-	-	-	6,000	-	20,000	-	23,000	-	49,000
39	CoE - Academic Building Renovation	Teaching	PD/D/C	-	-	-	-	2,700	-	27,000	-	-	-	29,700
40	UW Bothell - Phase 6 - Academic Building	Teaching	PD/D/C	-	-	-	-	500	-	5,000	-	44,500	-	50,000
41	Health Sciences Education Phase III - T Wing Renovation	Teaching	D/C	-	-	-	-	-	-	6,000	-	76,500	-	82,500
99	Burke Museum		C	31,200	-	-	-	-	-	-	-	-	-	31,200
Biennial TOTAL:				274,900	64,000	264,050	64,000	383,000	64,000	327,250	64,000	217,000	64,000	1,466,200

Proposed FY 2015 Operating Budget, Capital Budget, and Tuition Rates

Paul Jenny, Sarah Hall, John Seidelmann
Office of Planning & Budgeting

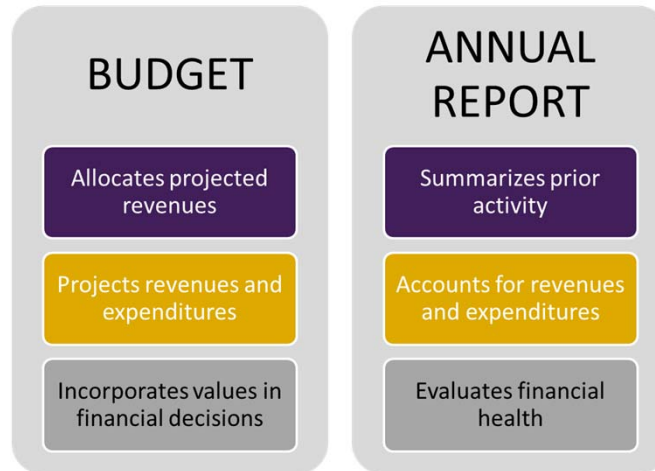
May 8, 2014

W UNIVERSITY of WASHINGTON | OFFICE OF PLANNING & BUDGETING

BUDGET OVERVIEW

- The budget is a record of allocations, or a spending plan that incorporates values
- The UW budget process allows Regents to
 - Alter tuition rates
 - Change allocations
 - Consider capital projects
 - Make changes to the prioritization of certain central efforts
- No standard financial health metrics can be derived from a budget
- However, we can evaluate whether allocation principles are effective

BUDGET VS. ANNUAL REPORT



3

PREVIEW OF JUNE ACTION ITEM

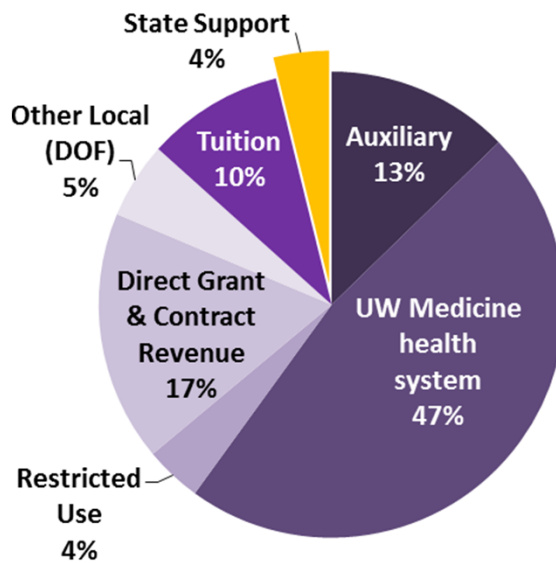
- We will be seeking approval to increase fees and reaffirm fee setting delegation for FY15. The FY16 budget item (May 2015) will specify new tuition and fee rates.
- The June item will also include approval for a general approach to state operating and capital budgets.

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OPERATING BUDGET

W UNIVERSITY of WASHINGTON | OFFICE OF PLANNING & BUDGETING

FY15 REVENUES AND EXPENDITURES = \$6.4 BILLION



UNIVERSITY OPERATING RESOURCES

	FY 2015 Proposed	FY 2014 Adopted
University Operating Resources		
General Operating Fund		
State General Fund	246,471,000	253,896,000
Tuition Operating Fees	608,730,000	556,890,000
TOTAL REVENUES	855,201,000	810,786,000
Designated Operating Fund		
Indirect Cost Recovery	233,000,000	226,771,000
Institutional Overhead	24,000,000	20,000,000
Summer Quarter Tuition	50,570,000	51,631,000
Investment Income	16,176,000	16,176,000
Miscellaneous Fees	7,945,000	6,595,000
UWB & UWT Admin Overhead	7,144,000	6,072,000
Administrative Allowances	200,000	200,000
TOTAL REVENUES	339,035,000	327,445,000
TOTAL - UNIVERSITY OPERATING RESOURCES	1,194,236,000	1,138,231,000

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UNIVERSITY OPERATING RESOURCES BY CAMPUS

University Operating Resources	FY 2015 Proposed			
	Seattle	Bothell	Tacoma	TOTAL
General Operating Fund				
State General Fund Base	219,125,000	11,754,000	15,506,000	246,385,000
State Cuts	(7,918,000)	(480,000)	(427,000)	(8,825,000)
Proviso Funds	7,261,000	566,000	1,084,000	8,911,000
Tuition Operating Fees	514,146,000	50,042,000	44,542,000	608,730,000
	732,614,000	61,882,000	60,705,000	855,201,000
Designated Operating Fund				
	339,035,000	0	0	339,035,000
TOTAL REVENUES	1,071,649,000	61,882,000	60,705,000	1,194,000,000

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ALL OTHER REVENUES/EXPENDITURES

Revenues and Expenditures by Area	FY 2015 Proposed	FY 2014 Adopted
Research Enterprise		
Grants and Contracts Direct Costs	1,114,898,000	1,089,898,000
Total	1,114,898,000	1,089,898,000
Restricted Funds		
Gift Income & Endowment Distr.	243,800,000	224,715,000
State Restricted Funds	8,776,000	8,844,000
Total	252,576,000	233,559,000
UW Medicine health system (Preliminary)		
UW Medical Center	1,016,000,000	944,000,000
Harborview Medical Center***	830,000,000	785,000,000
Valley Medical Center	489,000,000	450,000,000
NW Hospital	342,000,000	320,000,000
UW Physicians	269,000,000	253,000,000
Airlift NW	43,000,000	50,230,000
UW Neighborhood Clinics	37,000,000	33,100,000
Total	3,026,000,000	2,835,330,000
Auxiliary Activities		
Housing and Dining	99,426,000	91,736,000
Intercollegiate Athletics	103,886,000	95,621,000
Educational Outreach	105,900,000	106,417,000
Parking	37,943,000	36,598,000
Additional Auxiliary Activities	468,000,000	418,443,000
Total	815,155,000	748,815,000
Total Revenues/Expenditures	6,402,865,000	6,045,833,000

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TUITION ITEM

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TUITION RATE REVIEW

		FY 2014	FY 2015	
		Tuition	% Change	Tuition
Seattle Campus				
Undergraduate	Resident	\$11,305	0.0%	\$11,305
	Non-Resident	\$30,879	5.0%	\$32,424
Graduate Tier I	Resident	\$14,211	7.0%	\$15,207
	Non-Resident	\$26,460	3.0%	\$27,255
Graduate Tier II	Resident	\$14,574	7.0%	\$15,594
	Non-Resident	\$27,027	3.0%	\$27,837
Graduate Tier III	Resident	\$14,904	7.0%	\$15,948
	Non-Resident	\$27,594	3.0%	\$28,422

Other graduate/professional categories are generally increasing from 0% to 10%

Please review pages 11-13 of the budget item, table 10, for a comprehensive list of all tuition changes.

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2014-15 PROJECTIONS OF REVENUE VS. AID

2014-15		Undergraduate		Graduate/Professional		Total
		Resident	Nonresident	Resident	Nonresident	
FTE		25,843	8,162	6,191	5,697	45,893
Total Tuition Charged		302,041,000	261,190,000	97,637,000	146,234,000	807,102,000
Less Building Fee		15,175,000	11,813,000	3,588,000	4,975,000	35,551,000
Gross Operative Fee Revenue		286,866,000	249,377,000	94,049,000	141,258,000	771,550,000
State-Mandated Return to Aid		13,759,000	12,224,000	4,108,000	3,593,000	33,684,000
University of Washington Aid		30,698,000	9,491,000	3,793,000	3,197,000	47,179,000
Waivers (Foregone Revenue) ¹		2,542,000	3,669,000	8,869,000	66,879,000	81,959,000
Net Operating Fee Revenue		239,868,000	223,993,000	77,278,000	67,589,000	608,728,000
Aid from Group	Total	46,998,000	25,384,000	16,771,000	73,669,000	162,822,000
	% of Gross	16%	10%	18%	52%	21%
Aid to Group	Total	61,541,000	9,669,000	24,733,000	66,879,000	162,822,000
	% of Gross	21%	4%	26%	47%	21%

- Total return to aid for **resident undergrads** will increase to 21 percent
- Total return to aid for **all students** will remain at 21 percent

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CAPITAL BUDGET

W UNIVERSITY of WASHINGTON | OFFICE OF PLANNING & BUDGETING

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CAPITAL BUDGET OVERVIEW

- The state legislature did not pass a supplemental capital budget in 2014, thus no major changes to what was presented last year.
- Three “views” of the capital budget:
 1. **Ten-Year, One Capital Plan**—identifies all major capital budget needs at all campuses
 2. **State budget**—puts forth certain projects from the One Capital Plan for state funding
 3. **“FY15 Projects for Review”**—shows the projects that will likely be brought to the Regents for approval in FY15

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FY15 PROJECTS FOR REVIEW

- Athletics
 - ICA Basketball Operations and Practice Center - \$62 million
- Housing
 - UW Bothell – Student Housing & Dining Phase 2 - \$80 million
 - UW Seattle – Haggett Hall Replacement - \$103.7 million
 - UW Seattle – McCarty Hall Replacement - \$130.7 million
 - UW Seattle – McMahan Hall Renovation - \$143.3 million
- Infrastructure
 - UW Bothell – Parking & Transportation Improvements - \$26 million
- Instruction
 - Life Sciences Building - \$160 million
 - Engineering & Computer Science Collab/Education - \$109 million
- Research
 - CoE – Molecular Engineering Phase II - \$65 million
 - South Lake Union 3.2 - \$153 million

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TEN-YEAR, ONE CAPITAL PLAN OVERVIEW

- Summarizes capital needs in 2015-17 and next 10 years for:
 - UW Seattle, UW Bothell, UW Tacoma
 - UW Auxiliary Units
 - UW Medical Center
- Presents projects in three categories:
 - I. Fundamental Projects
 - II. Proposed Projects – Funding Potential
 - III. Proposed Projects – Future Funding Opportunities
- Identifies possible fund sources for projects, including:
 - State of Washington Building Construction bonds
 - UW Building Account funds
 - UW debt, donor funds
 - Local funds

See Appendix 3 for a comprehensive list of proposed projects by tier and program use.

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2015-17 STATE CAPITAL BUDGET REQUEST

- UW proposes to request state funds to support:
 - Minor capital repairs
 - Building infrastructure and system renewal
 - Classroom improvements
- Major projects include:
 - Health Sciences Education T-Wing Addition/Renovation
 - Life Sciences
 - Engineering and Computer Sciences
 - Lewis Hall Renovation
 - UW Tacoma Urban Solution Center
- Other projects include:
 - UW Tacoma Groundwater and Soil Remediation
 - UW Libraries Archival Storage
 - Nursing Simulation Learning Lab
 - Health Sciences Interprofessional Education Classroom

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QUESTIONS

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VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Academic and Administrative Appointments

RECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the appointments to the University faculty and administration as presented on the attached list.

Attachment

Academic and Administrative Appointments

ADMINISTRATIVE APPOINTMENTS

College of Arts and Sciences

Department of Germanics

Prutti, Brigitte

Chair, Germanics, effective 7/1/2014

Continuing Appointment:

- Professor, Germanics

Degrees:

- PhD, 1991, University of California (Irvine)
- Doctor Philosophiae (DPhil), 1988, University of Graz (Austria)
- MA, 1987, University of Colorado (campus unspecified)

Department of Near Eastern Languages and Civilization

Kuru, Selim Sirri

Chair, Near Eastern Languages and Civilization, effective 7/1/2015

Continuing Appointment:

- Associate Professor, Near Eastern Languages and Civilization

Degrees:

- PhD, 2000, Harvard University
- MA, 1993, Bogazici University (Istanbul)
- BA, 1990, Bogazici University (Istanbul)

School of Art

Walker, James S.

Director, Art, effective 7/1/2014

Continuing Appointment:

- Professor, Art

Degrees:

- MFA, 1983, Rhode Island School of Design
- BA, 1981, University of Washington
- BFA, 1981, University of Washington

School of Pharmacy

School of Pharmacy

Odegard, Peggy Lynn Soule

Associate Dean, Pharmacy, effective 5/1/2014

Continuing Appointments:

- Professor, Pharmacy
- Chair, Pharmacy

Degrees:

- PharmD, 1990, University of Washington
- BS, 1985, University of Washington

University of Washington, Bothell

Division of Biological Sciences, School of STEM, UW Bothell

Jensen, Jeffrey Scott

Acting Chair, Biological Sciences, School of STEM, Bothell, effective 9/16/2014

Continuing Appointment:

- Senior Lecturer, Full-time, School of Science, Technology, Engineering, and Mathematics, Bothell

Degrees:

- PhD, 1993, Harvard University
- AM, 1986, Harvard University
- BS, 1984, University of Washington

Division of Physical Sciences, School of STEM, UW Bothell

Buck, Warren W.

Acting Chair, Physical Sciences, School of STEM, Bothell, effective 3/16/2014

Continuing Appointments:

- Professor, School of Science, Technology, Engineering, and Mathematics, Bothell
- Professor, School of Interdisciplinary Arts and Sciences, Bothell
- Adjunct Professor, Physics
- Chancellor Emeritus, Bothell

Degrees:

- PhD, 1976, College of William and Mary
- MA, 1970, College of William and Mary
- BS, 1968, Morgan State University

ENDOWED APPOINTMENTS

College of Arts and Sciences

School of Music

Dudley, Shannon Kingdon

Adelaide D. Currie Cole Endowed Professorship in the School of Music, effective 1/1/2014

Continuing Appointments:

- Associate Professor, Music
- Adjunct Associate Professor, Anthropology

Degrees:

- PhD, 1997, University of California (Berkeley)
- MA, 1988, University of California (Berkeley)
- BA, 1982, Oberlin College

Watras, M. Melia

Adelaide D. Currie Cole Endowed Professorship in the School of Music, effective 1/1/2014

Continuing Appointment:

- Associate Professor, Music

Degrees:

- MM, 1995, Indiana University
- Bachelor of Music (BM), 1991, Indiana University

College of Education

College of Education

Bell, Philip Laverne

Shauna C. Larson Endowed Chair in Learning Sciences, effective 4/1/2014

Continuing Appointment:

- Professor, Education

Degrees:

- PhD, 1998, University of California (Berkeley)
- MA, 1996, University of California (Berkeley)
- BS, 1989, University of Colorado (campus unspecified)

NEW APPOINTMENTS

College of Arts and Sciences

Department of Chemistry

Craig, Colleen Foley

Lecturer, Full-time, Chemistry, effective 9/16/2014

Prior UW Appointment:

- Lecturer Part-Time, Chemistry

Degrees:

- PhD, 2006, University of Washington
- MS, 2004, University of Washington
- BS, 2001, University of Colorado (Denver)

Department of Classics

Levin-Richardson, Sarah

Assistant Professor, Classics, effective 9/16/2014

Degrees:

- PhD, 2009, Stanford University
- MA, 2006, Stanford University
- BA, 2003, University of North Carolina (Chapel Hill)

Department of Mathematics

Viray, Bianca

Assistant Professor, Mathematics, effective 7/1/2014

Degrees:

- PhD, 2010, University of California (Berkeley)
- BS, 2005, University of Maryland

Department of Philosophy

Mayo-Wilson, Conor Andrew

Assistant Professor, Philosophy, effective 9/16/2014

Degrees:

- PhD, 2012, Carnegie Mellon University
- MS, 2009, Carnegie Mellon University
- BA, 2006, Stanford University
- BS, 2006, Stanford University

Department of Scandinavian Studies

Gunn, Olivia

Visiting Assistant Professor, Scandinavian Studies, effective 3/16/2014

Degrees:

- PhD, 2012, University of California (Irvine)
- MA, 2007, University of California (Irvine)
- MA, 2003, New York University
- BA, 2001, University of Washington

Jackson School of International Studies

Weber, Rebecca Herman

Acting Assistant Professor, pending Ph.D., International Studies, effective 9/16/2014

Degrees:

- PhD - Expected, 2014, University of California (Berkeley)
- MA, 2010, University of California (Berkeley)
- BA, 2005, Duke University

School of Music

Assadi, Susan Gulkis

Artist In Residence, Music, effective 3/16/2014

Degree:

- BA, 1988, Curtis Institute of Music

Michael G. Foster School of Business

Department of Accounting

Blackburne, Terrence Patrick

Acting Assistant Professor, pending Ph.D., Accounting, effective 9/16/2014

Degrees:

- PhD - Expected, 2014, University of Pennsylvania
- MA, 2003, Stanford University
- BA, 2000, University of Oklahoma

Koonce, Lisa Lynn

Visiting Professor, Accounting, effective 6/2/2014

Degrees:

- PhD, 1990, University of Illinois
- MSA, 1982, University of Illinois
- BS, 1981, Southern Illinois University

Quinn, Phillip James

Acting Assistant Professor, pending Ph.D., Accounting, effective 6/16/2014

Degrees:

- PhD - Expected, 2014, University of Iowa
- BS, 2005, Drake University

Department of Management and Organization

Hallen, Benjamin Lee

Assistant Professor, Management and Organization, effective 8/1/2014

Degrees:

- PhD, 2007, Stanford University
- MS, 2002, University of Virginia
- BS, 2000, University of Virginia

Welsh, David Thomas

Acting Assistant Professor, pending Ph.D., Management and Organization, effective 6/16/2014

Degrees:

- PhD - Expected, 2015, University of Arizona
- JD, 2010, University of Utah
- BS, 2007, Southern Utah University

Department of Marketing and International Business

Boyle, Peter Joseph

Visiting Professor, Marketing and International Business, effective 3/16/2014

Degrees:

- PhD, 1994, Cornell University
- MSC, 1993, Cornell University
- MBA, 1986, Memorial University of Newfoundland
- BA, 1982, St. Thomas University (Canada)

School of Dentistry

Department of Orthodontics

Bayirli, Burcu

Clinical Associate Professor, Dental Pathway, Orthodontics, effective 3/1/2014

Prior UW Appointment:

- Affiliate Associate Professor, Orthodontics

Degrees:

- PhD, 2006, University of Michigan
- MS, 1996, University of Michigan
- DDS, 1993, University of Istanbul (Turkey)

Department of Periodontics

Dixon, Douglas Raymond

Associate Professor Tenure Track, Periodontics, effective 5/1/2014

Prior UW Appointment:

- Affiliate Associate Professor, Periodontics

Degrees:

- PhD, 2005, University of Washington
- MSD, 2001, University of Washington
- DMD, 1993, University of Pittsburgh
- BS, 1989, University of Pittsburgh

Information School

Information School

Dahya, Negin

Assistant Professor, Information School, effective 9/16/2014

Degrees:

- PhD, 2014, York University (Canada)
- MED, 2008, York University (Canada)
- BA, 2005, University of British Columbia (Canada)

Finn, Megan

Assistant Professor, Information School, effective 7/1/2014

Degrees:

- PhD, 2012, University of California (Berkeley)
- MS, 2005, University of California (Berkeley)
- BS, 2000, University of Michigan (Ann Arbor)

Snyder, Jaime

Assistant Professor, Information School, effective 1/1/2015

Degrees:

- PhD, 2012, Syracuse University
- MFA, 1997, Stanford University
- BFA, 1993, Temple University

Van Hooland, Seth

Visiting Associate Professor, Information School, effective 3/16/2014

Degrees:

- PhD, 2009, University of Brussels (Belgium)
- MA, 2003, University of Brussels (Belgium)
- MA, 2001, Katholieke Universiteit Leuven (Belgium)

Yip, Jason C

Assistant Professor, Information School, effective 1/1/2015

Degrees:

- PhD, 2014, University of Maryland
- MEd, 2002, University of Pennsylvania
- BA, 2001, University of Pennsylvania

School of Medicine

Department of Family Medicine

Bester, Vanessa Smith

Lecturer, Full-time, Family Medicine, effective 5/1/2014

Prior UW Appointment:

- Lecturer Part-Time, Family Medicine

Degrees:

- MPAS (Master of Physician Assistant Studies), 2003, University of Florida
- BS, 2001, University of Pittsburgh

Hahn, Patricia Lynn

Lecturer, Full-time, Family Medicine, effective 4/1/2014

Prior UW Appointment:

- Lecturer Full-Time, Family Medicine

Degrees:

- MSN, 1995, Whitworth College
- BSN, 1990, Lewis-Clark State College

Hensch, Patricia Jean

Lecturer, Full-time, Family Medicine, effective 4/1/2014

Prior UW Appointment:

- Lecturer Full-Time, Family Medicine

Patterson, Davis Glenn

Research Assistant Professor, Family Medicine, effective 5/1/2014

Degrees:

- PhD, 2005, University of Washington
- MA, 1995, University of Washington
- BA, 1985, University of Puget Sound

Siegel, Malinda Selby

Lecturer, Full-time, Family Medicine, effective 4/1/2014

Prior UW Appointment:

- Lecturer Full-Time, Family Medicine

Degrees:

- JD, 1989, University of Baltimore
- BA, 1974, Colby College

Skaggs, Steven Anthony

Lecturer, Full-time, Family Medicine, effective 4/1/2014

Prior UW Appointment:

- Lecturer Full-Time, Family Medicine

Degrees:

- MPA, 2001, University of Nebraska (Omaha)
- BS, 2000, University of Nebraska (Omaha)

Stewart, Betty L.

Lecturer, Full-time, Family Medicine, effective 5/1/2014

Prior UW Appointment:

- Lecturer Part-Time, Family Medicine

Degrees:

- BCHS, 1998, University of Washington
- BS, 1996, Seattle University

Wachtel, Dianna Lynn

Lecturer, Full-time, Family Medicine, effective 4/1/2014

Prior UW Appointment:

- Lecturer Full-Time, Family Medicine

Degrees:

- MS, 2008, A.T. Still University Of Health Sciences
- BSN, 1985, Pacific Lutheran University

Department of Laboratory Medicine

Pagano, Monica Beatriz

Assistant Professor without Tenure, Laboratory Medicine, effective 1/2/2014

Degree:

- MD, 1999, University of Buenos Aires (Argentina)

Department of Medicine

Cheng, Heather Hen

Assistant Professor without Tenure, Medicine, effective 3/1/2014

Prior UW Appointment:

- Senior Fellow, Medicine

Degrees:

- MD, 2007, University of Washington
- PhD, 2005, University of Washington
- BA, 1998, Princeton University

Lyman, Gary Herbert

Professor without Tenure, Medicine, effective 4/1/2014

Prior UW Appointment:

- Affiliate Professor, Health Services

Degrees:

- MPH, 1982, Harvard University
- MD, 1972, State University of New York (Buffalo)
- BA, 1968, State University of New York (Buffalo)

Department of Neurological Surgery

Macdonald, Christine Louise

Assistant Professor without Tenure, Neurological Surgery, effective 3/1/2014

Prior UW Appointment:

- Acting Assistant Professor, temporary, Neurological Surgery

Degrees:

- PhD, 2007, Washington University
- MS, 2005, Washington University
- BS, 2002, Santa Clara University

Department of Orthopaedics and Sports Medicine

Gardiner, Edith Margaret

Research Associate Professor, Orthopaedics and Sports Medicine, effective 4/1/2014

Prior UW Appointment:

- Acting Associate Professor, Orthopaedics and Sports Medicine

Degrees:

- PhD, 1988, Yale University
- MPHIL, 1982, Yale University
- BS, 1977, Duke University

Department of Pathology

Rendi, Mara Hester

Assistant Professor without Tenure, Pathology, effective 3/1/2014

Prior UW Appointment:

- Acting Assistant Professor, temporary, Pathology

Degrees:

- MD, 2009, Dartmouth Medical School
- PhD, 2004, Dartmouth Medical School
- BA, 1995, Middlebury College

Westerhoff, Maria Ahn

Assistant Professor without Tenure, Pathology, effective 4/15/2014

Prior UW Appointment:

- Acting Assistant Professor, temporary, Pathology

Degrees:

- MD, 2006, University of Illinois
- BS, 2001, University of Illinois

Department of Psychiatry and Behavioral Sciences

Rhew, Isaac Chung Hyun

Research Assistant Professor, Psychiatry and Behavioral Sciences, effective 4/1/2014

Prior UW Appointment:

- Acting Assistant Professor, temporary, Psychiatry and Behavioral Sciences

Degrees:

- PhD, 2009, University of Washington
- MPH, 2006, University of Washington
- AB, 1995, Stanford University

Department of Radiation Oncology

Tseng, Yolanda Diana

Assistant Professor without Tenure, Radiation Oncology, effective 8/1/2014

Degrees:

- MD, 2009, Harvard Medical School
- MPHIL, 2004, University of Cambridge (UK)
- BS, 2003, Cornell University

Department of Radiology

McNeeley, Michael Fielden

Assistant Professor without Tenure, Radiology, effective 7/1/2014

Prior UW Appointment:

- Fellow, Radiology

Degrees:

- MD, 2008, University of Tennessee
- BA, 2001, University of Tennessee

Perez, Francisco Alberto

Assistant Professor without Tenure, Radiology, effective 7/1/2014

Prior UW Appointment:

- Fellow, Radiology

Degrees:

- MD, 2007, University of Washington
- PhD, 2005, University of Washington
- AB, 1998, Harvard University

Daniel J. Evans School of Public Affairs

Daniel J. Evans School of Public Affairs

Allard, Scott W

Professor, Public Affairs, effective 7/1/2014

Degrees:

- PhD, 1999, University of Michigan (Ann Arbor)
- BA, 1992, University of Minnesota

Fyall, Rachel

Acting Assistant Professor, pending Ph.D., Public Affairs, effective 7/1/2014

Degrees:

- PhD - Expected, 2014, Indiana University
- MPA, 2006, George Washington University
- BA, 2003, Wesleyan University

Hill, Heather D

Associate Professor, Public Affairs, effective 7/1/2014

Degrees:

- PhD, 2007, Northwestern University
- MPP, 1999, University of Michigan (Ann Arbor)
- BA, 1994, University of Washington

Vigdor, Jacob

Professor, Public Affairs, effective 9/16/2014

Degrees:

- PhD, 1999, Harvard University
- BS, 1994, Cornell University

School of Public Health

Department of Environmental and Occupational Health Sciences

Cui, Julia

Assistant Professor without Tenure, Environmental and Occupational Health Sciences, effective 7/1/2014

Degrees:

- PhD, 2010, University of Kansas (Kansas City)
- BS, 2005, Zhejiang University (China)

School of Social Work

School of Social Work

Wells, Aida Villeda

Lecturer, Full-time, Social Work, effective 3/17/2014

Degrees:

- Master Of Social Work, 2000, Washington University
- BA, 1997, University of Washington

University of Washington, Bothell

Division of Computing and Software Systems, School of STEM, UW Bothell

Chen, Min

Assistant Professor, Computing and Software Systems, School of STEM, Bothell, effective 3/16/2014

Degrees:

- PhD, 2007, Florida International University
- MS, 2004, Florida International University
- BS, 1997, Zhejiang University (China)

Kim, Wooyoung

Assistant Professor, Computing and Software Systems, School of STEM, Bothell, effective 12/16/2013

Prior UW Appointment:

- Acting Assistant Professor, temporary, Computing and Software Systems, School of STEM, Bothell

Degrees:

- PhD, 2012, Georgia State University
- MS, 2007, Georgia Institute of Technology
- MS, 1998, Yonsei University (Korea)
- BS, 1996, Yonsei University (Korea)

Nursing and Health Studies Program, UW Bothell

Early, Jody

Associate Professor Tenure Track, Nursing and Health Studies Program, Bothell, effective 9/16/2014

Degrees:

- PhD, 1999, Texas Woman's University
- MS, 1997, Brigham Young University (Utah)
- BA, 1994, Brigham Young University (Utah)

UW Bothell School of Business

Galvin, Benjamin Martell

Visiting Assistant Professor, School of Business, Bothell, effective 9/1/2013

Prior Non-UW Appointment:

- Assistant Professor, San Diego State University

Prior UW Appointment:

- Assistant Professor, School of Business, Bothell

Degrees:

- PhD, 2010, Arizona State University
- MBA, 2003, Brigham Young University (Utah)
- BA, 2000, Brigham Young University (Utah)

University of Washington, Tacoma

Institute of Technology, Tacoma

Ali, Mohamed

Associate Professor Tenure Track, Institute of Technology, Tacoma, effective 9/16/2014

Prior UW Appointment:

- Affiliate Assistant Professor, School of Science, Technology, Engineering, and Mathematics, Bothell

Degrees:

- PhD, 2007, Purdue University
- MS, 2001, Alexandria University (Egypt)
- BSC, 1999, Alexandria University (Egypt)

De Cock, Martine

Associate Professor Tenure Track, Institute of Technology, Tacoma, effective 9/16/2014

Prior UW Appointment:

- Visiting Associate Professor, Institute of Technology, Tacoma

Degrees:

- PhD, 2002, University of Ghent (Belgium)
- MS, 1998, University of Ghent (Belgium)

Katti, Rajendra

Professor, Institute of Technology, Tacoma, effective 6/16/2014

Degrees:

- PhD, 1991, Washington State University
- MS, 1987, Washington State University
- MS, 1985, University of Idaho
- BTech, 1983, Indian Institute of Technology (India)

Yeung-Rhee, Ka Yee

Associate Professor Tenure Track, Institute of Technology, Tacoma, effective 7/1/2014

Prior UW Appointment:

- Research Associate Professor, Microbiology

Degrees:

- PhD, 2001, University of Washington
- MS, 1998, University of Washington
- MS, 1996, University of Waterloo (Canada)
- BA, 1995, University of Waterloo (Canada)

Milgard School of Business, Tacoma

Jain, Shalini Sarin

Assistant Professor, Milgard School of Business, Tacoma, effective 9/16/2014

Degrees:

- PhD, 2013, University of Washington
- MS, 2011, University of Washington
- MS, 1997, University of Rochester

Seow, Gim-Seong

Associate Professor, Milgard School of Business, Tacoma, effective 9/16/2014

Degrees:

- PhD, 1985, University of Oregon
- MBA, 1982, Dalhousie University (Canada)
- Bachelor Of Engineering, 1977, National University of Singapore

Urban Studies Program, Tacoma

Ishem, Linda Hurley

Senior Lecturer, Full-time, Urban Studies, Tacoma, effective 9/16/2014

Prior UW Appointment:

- Assistant Professor, Urban Studies, Tacoma

Degrees:

- PhD, 2008, University of Washington
- MBA, 1987, Northwestern University
- BA, 1976, Wellesley College

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Revisions to the UW Medicine Board BylawsRECOMMENDED ACTION

It is the recommendation of the University President that the Board of Regents adopt the following amendments to the Bylaws of the UW Medicine Board. Changes would be effective upon the Board's approval

BACKGROUND

The proposed changes are below.

- Section 1.1: amends the number of Board members from seventeen to “at least” seventeen.
- Section 4.6: creates a Strategy Committee responsible for reviewing and evaluating UW Medicine's strategy and vision for the location and operation of healthcare facilities, emerging business opportunities and risks, and relations with the governing boards of the component entities of UW Medicine and other entities and to prepare the Chair of the Board to advise the Board of Regents, the President, and the CEO/EVPMA/Dean;
- Section 1.4.4: makes provisions for a report from the Strategy Committee to the Board of Regents, annually, or as needed;
- Housekeeping changes

Attachment

UW Medicine Board Bylaws Revised May 2014

UW MEDICINE
1959 NE Pacific Street
Seattle, Washington 98195

BOARD BYLAWS
REVISED MAY 2014

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**UW MEDICINE BOARD
BYLAWS**

PREAMBLE

Whereas, the Board of Regents (the “Board of Regents”) of the University of Washington (the “University”) is empowered by the legislature under RCW 28B.20.060 and RCW 28B.20.300 to establish, operate and maintain a school of medicine; and

Whereas, the Board of Regents is empowered by the legislature under RCW 28B.20.440 to operate, maintain, control and supervise a hospital to be used as a patient care and teaching resource for the University health sciences professional schools; and

Whereas, the University has operated a licensed hospital on its campus since 1959 that has been formally designated the University of Washington Medical Center (“UWMC”); and

Whereas, the University has, pursuant to RCW 36.62.290, contracted with the Trustees of Harborview Medical Center (“HMC”), acting on behalf of King County, to provide for hospital, hospital management, and medical services, in conjunction with teaching and research activities at HMC since January, 1970; and

Whereas, the University has entered into an Affiliation with Health Resources Northwest and Northwest Hospital & Medical Center, effective January 1, 2010, that establishes the University as the sole corporate member of UW Medicine/Northwest d/b/a Northwest Hospital & Medical Center (“NWH”); and

Whereas, the University has entered into a Strategic Alliance with Public Hospital District No. 1 of King County d/b/a Valley Medical Center (“VMC”), effective July 1, 2011, to establish VMC as a component of UW Medicine as permitted by the Interlocal Cooperation Act; and

Whereas, UW Medicine is a term that refers collectively to its component entities HMC, NWH, VMC, UWMC, UW Physicians Network d/b/a UW Neighborhood Clinics (“UWNC”), The Association of University Physicians d/b/a University of Washington Physicians (“UWP”), the University of Washington School of Medicine (“UW SoM”), Airlift Northwest (“ALNW”), and the University’s membership in Children’s University Medical Group (“CUMG”) and the Seattle Cancer Care Alliance (“SCCA”); and

Whereas, the clinical programs of UW Medicine for the purpose of these Bylaws include inpatient, outpatient, short stay, and emergency hospital services at HMC, NWH, VMC, UWMC and UWNC; services shared with other hospitals and healthcare providers in its licensed on-campus hospital facility and off-campus units where extensions of its services are provided; arrangements with auxiliary and affiliate entities to promote high-quality patient care and advances in medical research and medical services; and strategic directions of the UW SoM’s teaching and research programs; and

Whereas, the President of the University (“the President”) and the Board of Regents have delegated to the Chief Executive Officer, UW Medicine, Executive Vice President for Medical Affairs and Dean of UW SoM (the “CEO/EVPMA/Dean”) chief executive responsibility for overseeing, planning, and coordinating the resources of the entities referred to as UW Medicine; and negotiating, executing and maintaining extramural affiliation, and operating agreements involving the entities referred to as UW Medicine; and

Whereas, the Board of Regents has determined that a board should advise the Board of Regents, the President, and the CEO/EVPMA/Dean in carrying out their responsibilities and authority with respect to UW Medicine as described above; now therefore:

The Board of Regents hereby charges the UW Medicine Board (“the Board”), subject to the authority of the Board of Regents, and established University agreements and policies, with advising the Board of Regents, the President and the CEO/EVPMA/Dean regarding the operation and governance of UW Medicine. The Board shall also be charged with governance of the patient care aspects of the UWMC.

Except as specifically otherwise provided in this document, the President, the CEO/EVPMA/Dean and the Executive Director of the UWMC shall retain their delegated authority and responsibility for the administration and operation of the UWMC and other aspects of UW Medicine. Further, the Board of Trustees of HMC shall retain all authority provided in its governing documents and by the Management and Operations Contract with the University. Additionally, the governing documents of NWH, VMC, UWNC, UWP, ALNW, CUMG and the SCCA each describes the authority of its respective board. The role of the Board shall not create a partnership or other separate legal entity of the entities referred to as UW Medicine. The entities of UW Medicine that are separate legal entities shall retain that status. Contracts among the entities are not superseded or amended by these Bylaws and these Bylaws do not create joint and several liability among them.

ARTICLE I UW MEDICINE BOARD

Section 1.1. UW Medicine Board Membership

The Board shall consist of at least seventeen (17) members, including the President and the CEO/EVPMA/Dean, who shall serve as *ex officio* members of the Board with full voice and vote. The Board members shall be appointed by the Board of Regents. The Chair of the Board of Regents shall appoint the Chair of the Board. At least one Board member shall be a member of the Board of Regents. One Board member shall be a member of the faculty of the University nominated by the President. Pursuant to the Affiliation between the University, Health Resources Northwest, and NWH effective January 1, 2010, two (2) NWH Trustees designated by the NWH Board (the “NWH Designated Board Members”) shall serve as members of the Board. Pursuant to the Strategic Alliance agreement with Public Hospital District No. 1 of King County, two (2) non-UW Medicine Designated Trustees from the VMC Board of Trustees shall serve as members of the Board. The remaining Board members shall be nominated by the President,

following consultation with the CEO/EVPMA/Dean and the Board, from among people who have broad public perspectives and do not represent any special interest group.

The term of office of each appointed Board member shall be three (3) years. No appointed Board member may serve more than three (3) successive three-year (3) terms unless the person is serving as Chair or Vice Chair of the Board. If a person is serving as Chair or Vice Chair, the term may be extended to complete his/her role as an officer of the Board. The terms of Board members shall be staggered so that the final terms of no more than one-third (1/3) of the members will expire simultaneously on the last day of June in any one year. Whenever more than one-third (1/3) of the members' final terms expire simultaneously, lots will be drawn to determine which expiring term shall be extended for one more year to eliminate this condition. The Chair shall not have a vote at meetings of the Board except to break a tie among those present and voting.

The Board may grant a leave of absence to a Board member for a period not to exceed one year. If the leave of absence is less than six (6) months, the term of the Board member will not change. If the leave of absence exceeds six (6) months, the term of the Board member will be extended by one year.

In addition to the Board members, the Deans of the Schools of Dentistry, Nursing, Pharmacy, Public Health, and Social Work shall be invited to attend Board meetings. All agendas shall be provided by the Secretary to all of the described positions and additional materials shall be provided upon request.

Section 1.2. Powers and Duties

The Board shall have responsibility for:

- a. Advising the Board of Regents, the President and the CEO/EVPMA/Dean regarding the operation and governance of those aspects of UW Medicine relating to the development and strategic allocation of resources;
- b. Strategic aspects of research and education programs, including the development of off-campus research facilities;
- c. Planning and delivery of medical services, including oversight of the physician services provided through the UWP;
- d. Implementation and effectiveness of programs that assure compliance with federal and state laws, rules, and regulations; University rules and regulations; and contract terms that govern UW Medicine's clinical care, research, and training activities ("compliance programs"); and,
- e. Management of current and future extramural affiliation and operating agreements, including those executed by the University with regard to HMC, NWH, VMC, UWNC and the SCCA.

This Board shall also be charged with governance of the UWMC, including ensuring the provision of safe, effective, and high-quality patient care by the medical and dental hospital staffs in a manner that is responsive to the University's educational and research needs, responsibility for appointments to the medical and dental staffs, delineation of medical and dental staff clinical privileges, and approval, adoption, and amendment of the medical and dental staff bylaws.

Subject to the Board of Regents' ultimate authority, and consistent with the Board's duty to advise the Board of Regents, the President and the CEO/EVPMA/Dean with respect to the exercise of their authority, the following specific powers and duties have been delegated to the Board by the Board of Regents:

1.2.1. Advisory Duties

- a. Provide general advice and policy guidance for UW Medicine strategic planning and program development and define the role of present and future UW Medicine programs and facilities, collaborative relationships, and auxiliary organizations within state or regional structures for the delivery of health services.
- b. Represent and advocate for UW Medicine in relations with communities, other healthcare providers, and outside agencies.
- c. Advise the Board of Regents, the President and the CEO/EVPMA/Dean regarding the development and strategic allocation of UW Medicine resources.
- d. Advise the Board of Regents, the President and the CEO/EVPMA/Dean regarding strategic aspects of the UW SoM's education and research programs.
- e. Advise the Board of Regents, the President and the CEO/EVPMA/Dean regarding the provision of medical services, including without limitation, physician services pursuant to the Agreement between the University and UWP dated December 8, 1983.
- f. Advise the Board of Regents, the President and the CEO/EVPMA/Dean regarding management of extramural affiliations and operating agreements now existing or which may be developed, including without limitation, the operating agreements between the University and HMC, NWH, VMC, UWNC, UWP and the SCCA, respectively.
- g. Advise the Board of Regents, the President and the CEO/EVPMA/Dean regarding the implementation and effectiveness of compliance programs, including but not limited to advising on key compliance policies; compliance program infrastructure and reporting relationships; scope of authority of key positions; ongoing assessment of compliance risks; and level of resources dedicated to the compliance programs.

1.2.2. Board Governance Powers and Duties for UWMC

- a. Accountable to ensure that high quality and safe patient care is provided at the UWMC and approve new clinical services.
- b. Determine objectives and policies pertinent to the delivery of patient care services at the UWMC, including the adoption and maintenance of a statement on patient care goals and objectives.
- c. Approve and adopt policies pertaining to admission of patients to the inpatient, outpatient, short stay and emergency services of the UWMC.
- d. Establish an organized medical staff and dental staff by determining which categories of practitioners are eligible candidates for appointment to the Medical Staff.
- e. Approve bylaws, rules, and regulations of the UWMC medical and dental staffs.
- f. Appoint and suspend or remove any member of the medical and dental staffs after considering the recommendations of the existing members of the medical and dental staff and under the applicable provisions of the medical and dental staff bylaws.
- g. Create and maintain mechanisms for continuing assessment and improvement of the quality of patient care, including but not limited to special studies, regular reports, and the creation of standing and special committees. Such mechanisms shall include consultation with the medical staff on patient care matters.
- h. Review and approve qualifications and periodic evaluation criteria for the key position of UWMC Executive Director. Appointment to this position is subject to approval by the Board.
- i. The Board must concur with the appointment of the chiefs of the clinical services and may delegate to the chiefs of the clinical services: (i) responsibility for maintaining the quality of medical care in their services as set forth in the approved Medical Staff Bylaws, rules, and regulations; and (ii) responsibility for recommending an applicant's appointment or reappointment to the UWMC medical staff and privileges for such an applicant.
- j. Maintain general supervision over the use of UWMC resources:
 1. Review and approve all operating and capital budgets and make recommendations to the University administration and the Board of Regents.
 2. Authorize revisions in charges for UWMC services based on the operating and capital budgets as approved.

3. Review and accept monthly reports on UWMC operating income and expenditures, utilization of services, and patient statistics.
 4. Assist in the development of additional sources of income necessary to maintain the UWMC as a leading professional institution.
- k. Review recommendations for development plans for physical facilities for the UWMC and make recommendations to the University administration and the Board of Regents.

In carrying out its responsibilities as identified in Section 1.2, the Board shall seek continuing guidance from health professionals, management specialists, and others with professional expertise.

Section 1.3. Accountability

The Board shall be accountable to the Board of Regents.

The President holds the CEO/EVPMA/Dean accountable to him/her directly for all aspects of health services provided by all University faculty and staff (i) at HMC, NWH, VMC, UWMC and UWNC and (ii) through affiliation, operating, patient care, or other agreements with UW Medicine.

Among the delegated duties of the CEO/EVPMA/Dean is to serve as the chief medical officer of the UWMC, who is responsible for medical affairs. In carrying out their individual and joint duties related to patient services as the senior officers of the UWMC, the Executive Director of the UWMC and the CEO/EVPMA/Dean are accountable to the Board, which in turn is accountable to the Board of Regents.

Section 1.4. Reports to Board of Regents

The Board shall report to the Board of Regents at least three (3) times a year, and as needed or requested, providing:

1.4.1. Annual Patient Safety and Quality Report. Each spring, the Chair of the Board, Chair of the Patient Safety and Quality Committee and such Board members as may be of assistance, shall appear before the Board of Regents and the President to report on patient safety and quality.

1.4.2. Annual Financial Report. Each fall, the Chair of the Board, Chair of the Finance and Audit Committee and such Board members as may be of assistance, shall appear before the Board of Regents and the President to report on the financial condition of UW Medicine;

1.4.3. Annual Compliance Report. Each winter the Chair of the Board, Chair of the Compliance Committee and such Board members as may be of assistance, shall appear before the Board of Regents and the President to report on the effectiveness of UW Medicine compliance programs, including but not limited to advising on: key compliance policies; the

status of compliance program infrastructure and reporting relationships; the scope of authority of key positions; the current assessment of compliance risks; and the level of resources dedicated to the compliance programs.

1.4.4. Strategy Committee Report. The Chair of the Board, Chair of the Strategy Committee and such Board members as may be of assistance, shall report to the Board of Regents and the President on significant strategic issues for UW Medicine as frequently as needed to assure that the Board of Regents is able to maintain proper oversight and make informed decisions on these matters.

Section 1.5. Board Year

The Board year, including Board member appointments and Board officer terms, shall be from July 1 to June 30.

Section 1.6. Meetings and Notice

1.6.1. Regular Meetings. Regular meetings of the Board shall be held at least quarterly, the dates and places of which shall be determined by the Chair at least one month in advance, and notice of which shall be given in accordance with Chapter 42.30 RCW.

1.6.2. Special Meetings. Special meetings may be called by the Chair at any time, or by a majority of the members of the Board, provided that written notice to all Board members and to others, as required by Chapter 42.30 RCW, shall be given not less than twenty-four hours (24) prior to the meeting, stating the time, place, and business to be transacted at the meeting.

1.6.3. Procedure. Except as otherwise specified in these Bylaws, all meetings of the Board and its committees shall be conducted in accordance with the latest revision of Robert's Rules of Order.

Section 1.7. Quorum

A majority of the Board shall constitute a quorum.

Section 1.8. Vacancies

Whenever a vacancy occurs on the Board, for whatever reason, notice shall immediately be given to the President so that a member may be appointed by the Board of Regents to fill the unexpired term. The Board may submit names of individuals recommended by the Board for the President's consideration.

Section 1.9. Removal

The Board may recommend to the Board of Regents that a member of the Board be removed. This action may be taken at any meeting by two-thirds (2/3) vote of the entire Board, provided that the Board gives the affected member at least ten (10) days written notice of such intended

action and advises the affected member of the basis for such action. The Board member affected shall have the right to be heard and to explain to the Board why he/she should not be removed. Recommendation for removal shall be made directly to the Board of Regents and shall not be effective until approved by the Board of Regents.

Any Board member who has four (4) unexcused absences for Board meetings in an academic calendar year (July 1 through June 30), as determined by the Chair, shall be automatically removed.

Section 1.10. Liability

All Board members and persons serving at the request of the Board shall, in the performance of their duties as members of the Board or appointees of the Board, be considered to be “agents” of the University. Each Board member or person serving at the request of the Board shall be protected against costs and expenses, including legal fees, in connection with the defense of any action, lawsuit, or proceeding in which the member or person serving at the request of the Board shall be made a party by reason of being a member or appointee of the Board. Such protection is subject to the condition that such person shall have acted in good faith and within the scope of his or her duties, and subject further to the specific exemption and qualifications stated in either the *Board of Regents Governance*, Standing Orders, Chapter 5 and RCW 28B.20.250 through 28B.20.255, which statute authorizes the indemnification of Regents, officers, employees, agents, and students of the University in relation to such matters.

Section 1.11. Compensation of Board and Board Committee Members

No Board member or any member of any committee appointed by the Board shall receive any compensation for services rendered in his/her capacity as a Board or committee member. However, nothing herein shall be construed to preclude any Board member or committee member from receiving compensation from UW Medicine for other services actually rendered, a per diem for attending Board meetings, or reimbursement for expenses incurred for serving UW Medicine as a Board member or committee member or in any other capacity, all in accordance with established University practices and procedures, Chapter 42.52 RCW, and RCW 43.03.050 and 43.03.060, as now existing or hereafter amended.

Section 1.12. Conflict of Interest

No Board member or any person appointed by the Board in any capacity may act as an agent for any person or organization where such an act would create a conflict of interest with the terms of the person’s service to UW Medicine or to the Board. The policies, rules, and regulations adopted by the University relating to conflict of interest, the provisions of Chapter 42.52 RCW, and any policy adopted by the Board shall apply to any person appointed by the Board in any capacity and to the Board members themselves.

ARTICLE II OFFICERS

Section 2.1. Officers

The officers of the Board shall be members of the Board and shall consist of a Chair, Vice Chair, and such other officers as the Board may deem advisable. The Chair is appointed annually by the Chair of the Board of Regents. The Vice Chair and other officers shall be elected annually by the Board. No officer may serve more than two successive terms in the same office, unless there are extenuating circumstances as approved by the Chair of the Board of Regents.

Section 2.2. Chair

The Chair of the Board shall annually appoint such committee members as are specified under these Bylaws; shall preside at all meetings of the Board; shall serve as an *ex officio* member, without vote, on all standing and special committees, unless otherwise specified in the Bylaws; and shall perform all of the acts usually attendant upon the office of the Chair or which may be set forth by these Bylaws or by the Board.

Section 2.3. Vice Chair

During the absence of the Chair or while he/she is unable to act, the Vice Chair shall perform the duties and exercise the powers of the Chair.

ARTICLE III ADMINISTRATION

Section 3.1. Appointment of Administrative Officers

3.1.1. Secretary of the Board. A Secretary of the Board shall be appointed by the CEO/EVPMA/Dean, with such duties as shall be provided in these Bylaws and otherwise determined by the CEO/EVPMA/Dean. The Secretary of the Board shall provide or cause to be provided all secretarial assistance to the Board and its committees; assist the Chair in developing an agenda for each meeting; keep records of the minutes of the meetings of the Board; and furnish copies of such minutes to each Board member, to the CEO/EVPMA/Dean, to the deans of the health sciences schools, to the President, and to others, in accordance with these Bylaws. The CEO/EVPMA/Dean shall be custodian of and shall faithfully keep, or cause to be kept, all records, books, documents and other valuable papers relating to the Board. The Secretary shall be responsible for arranging all meeting notices and for attending to all correspondence that may be ordered by the Board.

3.1.2. Executive Director. The Executive Director of the UWMC is a professional staff employee of the University who reports to the Chief Health System Officer, UW Medicine and Vice President of Medical Affairs (CHSO/VPMA). The Executive Director is appointed by the CHSO/VPMA with the concurrence of the CEO/EVPMA/Dean and the Board. Annual evaluations are completed by the CHSO/VPMA with input from the Board.

The Executive Director, as senior officer of the UWMC, shall, subject to University policy and shared service agreements in effect, be responsible for maintaining overall direction of

the UWMC within the policies established by the Board. The Executive Director is accountable to the Board and to the CHSO/VPMA who is accountable to the CEO/EVPMA/Dean.

In the event that the Executive Director is unable to perform the functions of the office, the CHSO/VPMA, with concurrence of the CEO/EVPMA/Dean, may designate an acting Executive Director until such time as a permanent Executive Director is appointed.

ARTICLE IV UW MEDICINE STANDING COMMITTEES

Section 4.1. Standing Committee Designations

The Board shall approve the appointment of an Executive Committee, a Compliance Committee, a Finance and Audit Committee, a Patient Safety and Quality Committee, a Strategy Committee, and such other standing committees as the Board may from time to time deem advisable.

Section 4.2. Executive Committee

4.2.1. Purpose. The Executive Committee, as requested by the CEO/EVPMA/Dean, provides strategic advice to the Board and the CEO/EVPMA/Dean; determines the agenda for the Board meetings and annual retreat; and has the power to transact business of the Board between regular meetings of the Board as the Board may hereafter authorize. All actions of the Executive Committee shall be reported to the full Board at its next regular meeting.

4.2.2. Composition. The Executive Committee of the Board shall consist of the Chair of the Board, who shall serve as the Chair of the Executive Committee; the Vice Chair of the Board; and the Chair of each standing committee of the Board, and, within the discretion of the Chair of the Board, any Chair of special or ad hoc committees established by the Board.

4.2.3. Meetings. The Executive Committee shall meet as deemed necessary by the Chair of the Committee and the CEO/EVPMA/Dean.

4.2.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

Section 4.3. Compliance Committee

4.3.1. Purpose. The Compliance Committee shall be responsible for reviewing and evaluating the compliance programs of UW Medicine and its component entities and preparing the Chair of the Board to advise the Board of Regents, the President, and the CEO/EVPMA/Dean regarding the implementation and effectiveness of UW Medicine compliance programs, including but not limited to advising on: key compliance policies; compliance program infrastructure and reporting relationships; scope of authority of key

positions; ongoing assessment of compliance risks; and level of resources dedicated to the compliance programs.

4.3.2. Composition. The voting members of the Compliance Committee shall consist of at least three (3) Board members, including the Chair of the Board or his/her designee, and may include up to three (3) community members who are not members of the Board, all as appointed annually by the Chair of the Board in consultation with the CEO/EVPMA/Dean. The Chair of the Compliance Committee shall be appointed by the Chair of the Board, with the approval of the CEO/EVPMA/Dean.

4.3.3. Meetings. The Compliance Committee shall meet at the call of the Chair of the Committee as often as necessary, but not less than quarterly, to perform its duties.

4.3.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

Section 4.4. Finance and Audit Committee

4.4.1 Purpose. The Finance and Audit Committee shall be responsible for reviewing and evaluating the financial results, plans and audits of UW Medicine and its component entities for the purpose of assessing the overall financial risks and capacities of UW Medicine and the congruity of the financial management, plans and objectives of UW Medicine. The Finance and Audit Committee shall also be responsible for preparing the Chair of the Board to advise the Board of Regents, the President, and the CEO/EVPMA/Dean regarding the implementation and effectiveness of the UW Medicine finance and audit program.

4.4.2. Composition. The voting members of the Finance and Audit Committee shall consist of at least four (4) Board members, including the Chair of the Committee as appointed by the Chair of the Board, the Chair of the UWMC Committees of the Board, two (2) additional Board members appointed by the Chair of the Board, and up to three (3) community members who are not members of the Board, all as appointed annually by the Chair of the Board in consultation with the CEO/EVPMA/Dean.

4.4.3. Meetings. The Finance and Audit Committee shall meet at the call of the Chair of the Committee, but not less than quarterly.

4.4.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

Section 4.5. Patient Safety and Quality Committee

4.5.1. Purpose. The Patient Safety and Quality Committee shall be responsible for reviewing and evaluating the patient safety and quality programs of UW Medicine and preparing the Chair of the Board to advise the Board of Regents, the President, and the CEO/EVPMA/Dean regarding the implementation and effectiveness of UW Medicine patient safety and quality programs.

4.5.2. Composition. The voting members of the Patient Safety and Quality Committee are appointed by the Chair of the Board in consultation with the CEO/EVPMA/Dean, and include at least three (3) Board members, including the Chair of the Committee as appointed by the Chair of the Board, the Chair of the Board or designee and up to three (3) community members who are not members of the Board, all appointed annually by the Chair of the Board in consultation with the CEO/EVPMA/Dean.

4.5.3. Meetings. The Patient Safety and Quality Committee shall meet at the call of the Chair of the Committee, but not less than quarterly.

4.5.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

Section 4.6. Strategy Committee

4.6.1. Purpose. The Strategy Committee shall be responsible for reviewing and evaluating UW Medicine's strategy and vision for the location and operation of healthcare facilities, emerging business opportunities and risks, and relations with the governing boards of the component entities of UW Medicine and other entities and to prepare the Chair of the Board to advise the Board of Regents, the President, and the CEO/EVPMA/Dean.

4.6.2. Composition. The voting members of the Strategy Committee are appointed to three year (3) terms by the Chair of the Board, in consultation with the Governance Committee of the Board of Regents, and the President. The committee shall include at least one member of the Board of Regents, three (3) Board members (including the Chair of the Committee as appointed by the Chair of the Board), the Chair of the Board or designee, and up to three (3) individuals with professional experience in healthcare system management and who are not members of the Board.

4.6.3. Meetings. The Strategy Committee shall meet at the call of the Chair of the Committee, but not less than quarterly.

4.6.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

ARTICLE V UWMC COMMITTEES

Section 5.1. UWMC Committees

The Board shall approve the appointment of a Joint Conference Committee, a Finance Committee, a Facilities Committee, and such other committees as it shall from time to time deem advisable for the governance of the UWMC.

Section 5.2. UWMC Joint Conference Committee

5.2.1. Purpose. The UWMC Joint Conference Committee shall serve as an advisory committee to the Board by providing a forum in which representatives of the Board, medical staff and UWMC administration shall jointly consider UWMC policy matters governing medical practice, review quality assurance reports, and advise the Board on organization of medical staff and revisions to the Medical Staff Bylaws. As described below, the UWMC Joint Conference Committee also has delegated authority from the Board for certain actions.

5.2.2. Composition. The voting members of the UWMC Joint Conference Committee shall consist of at least four (4) Board members appointed annually by the Chair of the Board, one of whom shall serve as the Chair of this UWMC Joint Conference Committee, the Chair of the Board or his/her designee, and community members who are not members of the Board, all as appointed annually by the Chair of the Board in consultation with CEO/EVPMA/Dean. Non-voting members of the committee are the CHSO/VPMA, the UWMC Executive Director, the UWMC Medical Director, the UWMC Chief Nursing Officer, the UWMC Medical Staff Chief of Staff, and one member of the medical staff nominated by the Medical Staff Administrative Committee for a one-year period. Non-voting individuals regularly invited to attend the Committee include three (3) faculty from clinical departments of UW SoM appointed by the CEO/EVPMA/Dean for one year; one member of the Housestaff Association designated by its president; and other non-voting individuals invited by the Chair of the UWMC Joint Conference Committee.

5.2.3. Meetings. The UWMC Joint Conference Committee shall meet at the call of the Chair of the Committee, but not less than quarterly.

5.2.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

5.2.5. Expedited Medical Staff Credentialing and Privileging. The UWMC Joint Conference Committee shall have delegated authority from the Board to render final decisions regarding expedited approval of Medical Staff initial appointments, reappointments, additions to privileges, and voluntary modifications to clinical privileges consistent with medical and dental staff criteria for expedited credentialing and privileging. Where medical and dental staff criteria for expedited credentialing privileging are not met, medical and dental staff appointment and reappointment and professional privileging decisions shall remain with the Board. At least two (2) Board members of the UWMC Joint Conference Committee must vote for Committee actions on privileges to be valid. The UWMC Joint Conference Committee shall present its final decisions taken under the expedited approval process to the Board for information purposes.

5.2.6. Clinical Services. The UWMC Joint Conference Committee shall have the delegated authority from the Board to concur in the appointment of the chief of each clinical service. Appointment shall be made consistent with the provisions of Section 8.9 below. The UWMC Joint Conference Committee shall recommend to the Board the establishment of any new clinical services. Recommendations shall be made consistent with the provisions of Section 8.9 below. Approval of new clinical services shall remain with the Board.

Section 5.3. UWMC Finance Committee

5.3.1. Purpose. The UWMC Finance Committee shall be responsible for advising the Board on financial matters as they relate to the UWMC and its shared services, including reviewing the annual audit, annual budgets, and monthly financial reports. The UWMC Finance Committee shall be responsible for reviewing the UWMC Audit Policy and ensuring that the policy complies with the Sarbanes Oxley principles adopted by the Board. The UWMC Finance Committee shall also review programs, long-range financial plans, budget plans and proposals for rate-setting, before these are submitted to the Board for final action, as well as oversight of UWMC resources.

5.3.2. Composition. The voting members of the UWMC Finance Committee shall consist of at least four (4) Board members appointed annually by the Chair of the Board, one of whom shall be Chair of the Finance Committee, the Chair of the Board or his/her designee, and community members who are not members of the Board, all as appointed annually by the Chair of the Board in consultation with the CEO/EVPMA/Dean. Non-voting individuals regularly invited to attend the committee shall include the CHSO/VPMA; the UWMC Executive Director; the UWMC Medical Director; the UWMC Chief Nursing Officer; the UWMC Finance Representative(s) as appointed by the UWMC Executive Director in consultation with the CHSO/VPMA; the UWMC Medical Staff Chief of Staff, three (3) faculty from clinical departments of UW SoM appointed by the CEO/EVPMA/Dean for one year; one member of the Housestaff Association designated by its president; and other non-voting individuals invited by the Chair of the Committee.

5.3.3. Meetings. The Finance Committee shall meet at the call of the Chair of the Committee, but not less than quarterly.

5.3.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

Section 5.4. UWMC Facilities Committee

5.4.1. Purpose. The UWMC Facilities Committee shall have general supervision over and shall make recommendations to the Board concerning the physical use and status of the facilities that house the UWMC and its shared services.

5.4.2. Composition. The voting members of the UWMC Facilities Committee shall consist of at least four (4) Board members appointed annually by the Chair of the Board, one of whom shall be Chair of the Facilities Committee, the Chair of the Board or his/her designee, and community members who are not members of the Board, all as appointed annually by the Chair of the Board in consultation with the CEO/EVPMA/Dean. Non-voting individuals invited to regularly attend the Committee are the CHSO/VPMA; the UWMC Executive Director; the UWMC Medical Director; the UWMC Chief Nursing Officer; the Senior Associate Administrator for Facilities; the UWMC Medical Staff Chief of Staff; three (3) faculty from clinical departments of UW SoM appointed by the CEO/EVPMA/Dean for one

year; one member of the Housestaff Association designated by its president; the Health Sciences Executive Director or his/her designee; and other non-voting individuals invited by the Chair of the Committee.

5.4.3. Meetings. The Facilities Committee shall meet at the call of the Chair of the Committee, but not less than semi-annually.

5.4.4. Quorum. A majority of the voting members of the committee shall constitute a quorum.

ARTICLE VI SPECIAL COMMITTEES

Section 6.1. Other Committees

Other special or ad hoc committees of the Board may be established by the Board.

ARTICLE VII RELATIONS OF UW MEDICINE TO ACADEMIC AND RESEARCH PROGRAMS OF THE HEALTH SCIENCES CENTER

Section 7.1. General

The deans of the health sciences professional schools have been delegated broad responsibilities by the President for overall management and direction of the teaching and research programs conducted by the faculty of their respective schools. The health sciences professional schools carry out a significant portion of their education and research programs in the UWMC and other affiliated medical centers, particularly those activities that require a patient care setting. The Board shall lend its best efforts to assure that the programs of the health sciences professional schools are effectively supported in collaboration with service programs of UW Medicine.

ARTICLE VIII MEDICAL STAFF

Section 8.1. General

The responsibility for standards of medical care in the UWMC has been delegated by the Board of Regents to the Board. The Board holds the Medical Staff organization accountable to the Board for establishing and maintaining standards of medical care. The Board shall approve or disapprove the Medical Staff Bylaws, rules, and regulations and may approve or disapprove such standards of medical care as may be established from time to time.

Section 8.2. Medical Staff

For purposes of these Bylaws, the words “Medical Staff” shall include all physicians and dentists who are authorized to attend patients in the UWMC or in any other medical care activity

administered by the UWMC, and may include such other professionals as the Medical Staff Bylaws designate.

Section 8.3. Organization of the Medical Staff

The Board shall approve and authorize the organization of the Medical Staff so as to discharge those duties and responsibilities assigned to it by the Board and specifically to accomplish the following purposes, among others:

- a. To monitor the quality of medical care in the UWMC and make recommendations to the Board so that all patients admitted to or treated at any of the facilities, departments or services of the UWMC receive continuous high-quality medical care;
- b. To recommend to the Board, or where an expedited process is appropriate, to the Joint Conference Committee of the Board, the appointment or reappointment of an applicant to the Medical Staff of the UWMC, the clinical privileges such applicant shall enjoy in the UWMC, and appropriate action that may be necessary in connection with any member of the Medical Staff, to the end that at all times there shall be a high level of professional performance of all persons authorized to practice in the UWMC. Criteria for selection to the Medical Staff shall include individual character, competence, training, experience and judgment, and may include, in conjunction therewith, board certification, provided, however, that under no circumstances shall the accordance of staff membership or professional privileges in the UWMC be dependent solely upon certification, fellowship or membership in a specialty body or society.
- c. To represent the Medical Staff of the UWMC and to provide the means whereby issues concerning the Medical Staff and the UWMC may be discussed both within the Medical Staff organization and by representatives of the Medical Staff with the Joint Conference Committee of the Board and management of the UWMC.
- d. To establish specific rules and regulations governing actions of members of the Medical Staff.

Section 8.4. Medical Staff Bylaws

The Medical Staff organization shall recommend to the Board revisions of the existing Medical Staff Bylaws, rules, and regulations setting forth the Medical Staff organization and governance for maintaining such bylaws, rules, and regulations in such a manner as to accomplish the purposes set forth in Section 8.3. When such bylaws, rules, and regulations are adopted by the Board, they shall become effective and become part of the bylaws, rules, and regulations of the Medical Staff.

Section 8.5. Appointment to the Medical Staff and Assignment of Clinical Privileges

Upon recommendation of the Medical Staff and in accordance with the Medical Staff Bylaws, the Board, or where an expedited process is appropriate, the Joint Conference Committee of the

Board may appoint to membership on the Medical Staff of the UWMC, physicians, dentists, and other professionals who meet the personal and professional qualifications prescribed in the Medical Staff Bylaws. Appointment to the Medical Staff carries with it full responsibility for the treatment of individual UWMC patients subject to such limitations as may be imposed by the Board or the bylaws, rules, and regulations of the Medical Staff.

Appointments and reappointments to the Medical Staff shall be made in accordance with the appointment and reappointment procedures set forth in the Medical Staff Bylaws. Whenever the Joint Conference Committee of the Board does not concur in a Medical Staff recommendation relative to Medical Staff appointment, reappointment, or the granting of clinical privileges, said recommendation shall be referred to the Board for decision.

Section 8.6. Appointment and Reappointment Requirements

Each person initially appointed to membership on the Medical Staff of the UWMC shall be provided with a current copy of the bylaws, rules, and regulations and shall submit to the Medical Director a signed written statement agreeing to abide by them. Each member of the Medical Staff shall as a minimum be required to:

- a. Provide care and supervision to all patients within the UWMC for whom such Medical Staff member has responsibility.
- b. Abide by the UW Medicine Bylaws, the Medical Staff Bylaws, rules, regulations, policies, and directives that may be in force during the time such person is a member of the Medical Staff of the UWMC.
- c. Accept committee assignments and such other duties and responsibilities as may be reasonably assigned by the Joint Conference Committee of the Board or the Medical Staff.

Section 8.7. Appointment of Salaried Physicians and Dentists for Administrative or Medico-Administrative Purposes

Physicians or dentists employed by the University at the UWMC for administrative or medico-administrative purposes shall be subject to the faculty exempt personnel policies in effect for the UWMC at the time as it relates to his/her employment relationship and to the Medical Staff Bylaws, rules, and regulations as it is related to his/her Medical Staff appointment. Their clinical privileges to admit and treat patients are defined in accordance with the Medical Staff Bylaws. Termination of either the employment appointment or Medical Staff appointment shall not affect the other unless it is agreed in advance that they are mutually dependent and this agreement is documented in a letter of agreement, signed by the physician or dentist and the UWMC and approved by the appropriate dean or his/her designee.

Section 8.8. Medical Staff Administrative Committee

8.8.1. Purpose. The Medical Staff Administrative Committee shall establish and maintain a framework for self-government and a means of accountability to the Joint Conference Committee of the Board, in accordance with the medical administrative unit for the Medical Staff. It shall concern itself primarily with the quality of medical care within the UWMC. It shall receive and act upon all Medical Staff committee reports and make recommendations regarding Medical Staff status and privileges to the Board or, where an expedited process is appropriate, to the Joint Conference Committee of the Board. The specific duties of the Medical Staff Administrative Committee are set forth in the Medical Staff Bylaws.

8.8.2. Composition. The medical board of the Medical Staff shall be known as the Medical Staff Administrative Committee which shall be composed of the Chief of Staff, the Chief of Staff-Elect, the chiefs of clinical services, three (3) at-large members elected by the medical staff, the Medical Director, and the Executive Director. The Medical Director, who is appointed by the CEO/EVPMA/Dean, shall serve as Chair of the Medical Staff Administrative Committee and shall represent the Medical Staff Administrative Committee at meetings of the Joint Conference Committee of the Board.

8.8.3. Meetings. The Medical Staff Administrative Committee shall meet monthly. Minutes of the meetings shall be provided to all members of the Committee, the Associate Dean for Clinical Affairs and Graduate Education, the Executive Director of the UWMC, the CHSO and the CEO/EVPMA/Dean.

Section 8.9. UWMC Clinical Services

8.9.1. Appointment of Chief. Appointment of the chief of each clinical service is subject to concurrence of the Joint Conference Committee of the Board on the joint recommendation of the dean of the applicable professional school and the Executive Director. If the chief of a clinical service is to be someone other than the chair of the corresponding department in the medical or dental school, the recommendation of the departmental chair is also required. All such appointments shall be reviewed periodically by the Joint Conference Committee of the Board. Chiefs of clinical services vacancies may be filled on an interim basis at any time by action of the dean of the appropriate professional school, after consulting with the Board.

8.9.2. Delegation. Upon Board approval of Medical Staff Bylaws, rules, or regulations containing such a provision, the chiefs of the clinical services have delegated responsibility for maintaining the quality of medical care in their services and for recommending an applicant's appointment or reappointment to the Medical Staff of the UWMC and privileges for such an applicant.

8.9.3. Accountability. The CEO/EVPMA/Dean serves as the chief medical officer of the UWMC and in this capacity is accountable directly to the Board in matters relating to medical care. Members of the clinical services of the UWMC are accountable to the Medical Director, who is accountable to the CEO/EVPMA/Dean.

ARTICLE IX AUXILIARY ORGANIZATIONS

Section 9.1. General

Organizations auxiliary to UW Medicine and the UWMC, such as the Service League, may be established only under bylaws approved by the Board. Such bylaws must, at a minimum, define the purpose, organizational structure, officers, procedures for conducting business, reporting requirements, and the amendment procedures.

Section 9.2. Bylaws

The approved bylaws of the auxiliary organization and any amendments thereto, shall be kept as a permanent record by the Board and filed with the minutes of the Board meeting at which said bylaws or amendments thereto were approved by the Board.

Section 9.3. Oversight by Board

An approved auxiliary organization's relationship with UW Medicine shall be subject to the oversight of the appropriate Board committee.

ARTICLE X AMENDMENTS

These Bylaws are reviewed annually and updated as needed. Changes in these Bylaws, whether amendments, additions, deletions, or replacements, may be made by a two-thirds (2/3) vote of the entire Board at a meeting of which prior notice of the meeting and the proposed action shall have been given. Such changes shall be subject to approval by the CEO/EVPMA/Dean and the Board of Regents.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Institute for Health Metrics and Evaluation Board AppointmentRECOMMENDED ACTION

It is the recommendation of the University President and the Academic and Student Affairs Committee that the Board of Regents make the following new appointment to the Institute for Health Metrics and Evaluation (IHME) Board:

New Appointment

Ms. Sally Davies June 1, 2014 through June 30, 2017

BACKGROUND

Article I, section 1.1 of the IHME Board Bylaws states “The Board shall consist of nine (9) members. The Board members shall be appointed by the Board of Regents from nominations submitted by the President. The Chair of the Board of Regents shall appoint the Chair of the Board. Four members shall be from key global health institutions but shall serve in their individual capacity, four members shall be eminent scientists or policy makers from around the world, and the Chair of the Board shall be a leading figure with a scientific background and substantial leadership experience with health policy programs.

The term of office of each appointed Board member shall be three years. No appointed Board member may serve more than three successive three-year terms. However, the terms of Board members shall be staggered so that the final terms of no more than one-third (1/3) of the members will expire simultaneously on the last day of June in any one year. Whenever more than one third (1/3) of the members’ final terms expire simultaneously, lots will be drawn to determine which expiring term shall be extended for one more year to eliminate this condition.”



Sally Davies is Chief Medical Officer for the United Kingdom. Prior to her current position, Sally Davies served as the Director General of Research and Development and Chief Scientific Adviser for the Department of Health and National Health Service in the United Kingdom, where she developed the National Institute for Health Research. She chairs the UK Clinical Research Collaboration and is a member of several international councils and boards, including the Office for Strategic Co-ordination of Health

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Institute for Health Metrics and Evaluation Board Appointment (continued p. 2)

Research and the Medical Research Council, the World Health Organization Global Advisory Committee on Health Research, the International Advisory Committee for A*STAR, Singapore, and the Caribbean Health Research Council. Sally Davies also advises many organizations, including the Australian National Health and Medical Research Council, on research strategy and evaluation.

IHME BOARD APPOINTMENT DATES

<u>Name</u>	<u>Appointment Date</u>	<u>Action</u>
Lincoln Chen	7/1/13 through 6/30/16	
Stephen Cucchiaro	3/1/14 through 6/30/16	
<i>Sally Davies</i>	<i>6/1/14 through 6/30/17</i>	<i>New Appointment</i>
Harvey Fineberg	7/1/13 through 6/30/16	
Julio Frenk (Chair)	7/1/11 through 6/30/14	
Jane Halton	7/1/11 through 6/30/14	
David Roux	7/1/11 through 6/30/14	
John Stanton	3/1/14 through 6/30/16	

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Demographic MethodsRECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Center for Studies in Demography and Ecology at the University of Washington, Seattle to offer the Graduate Certificate in Demographic Methods, effective Autumn Quarter 2014. The graduate certificate program will have provisional status with a review to be conducted by the Graduate School in the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

On December 30, 2013, the Graduate School received a proposal from the graduate faculty of the Center for Studies in Demography and Ecology (CSDE) at the University of Washington, Seattle, WA requesting authority to offer a Demographic Methods Graduate Certificate program. The CSDE Training Committee will provide oversight of the program.

The Graduate Certificate will formalize the CSDE's interdisciplinary demographic methods training program. Enrollment will fluctuate between 50-100 students, with annual incoming cohorts of 15-25 graduate students. The program will require a minimum of 24 total credit hours. Two fellowship programs, the Shanahan Endowment and an NICHD fellowship, will provide support each year to 4-6 students.

For over 60 years, the CSDE has provided an interdisciplinary program in population studies for University of Washington graduate students who wish to pursue advanced research and training in demography, in addition to their discipline-based programs of study. The CSDE has established relationships in demographic training with academic units that include Anthropology, Geography, Epidemiology, Sociology, Statistics, Public Affairs, and Social Work. NICHD training grants fund the CSDE program, with additional support from the College of Arts and Sciences, the School of Public Health, and the School of Work.

On March 6, 2014, the Graduate School Council considered the Center for Studies in Demography and Ecology proposal to offer the Graduate Certificate in Demographic Methods. The Council recommended unanimously that the proposal be forwarded to the Board of Regents for final approval.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Demographic Methods (continued p. 2)

The College of Arts and Sciences Dean and the Divisional Dean of Social Sciences, the Vice Provost and Dean of the Graduate School, and the Provost have reviewed and approved this recommendation for the proposed Graduate Certificate in Demographic Methods.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Mixed Methods Education SciencesRECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the Graduate Faculty of the College of Education to offer the Graduate Certificate in Mixed Methods Education Sciences, effective Autumn Quarter 2014. The certificate program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

In January, 2014, the Graduate School received a full proposal from the Graduate Faculty of the College of Education requesting authority to offer the Graduate Certificate in Mixed Methods Education Sciences. The certificate will be offered in coordination with faculty from the Evans School of Public Affairs and the College of Arts and Sciences. Implementation is planned for Autumn Quarter 2014.

The 27-credit Graduate Certificate in Mixed Methods Education Sciences will prepare doctoral students to conduct rigorous interdisciplinary research and evaluation on educational policies that relate to educational reform across the preschool-graduate school (P-20) continuum. The certificate will prepare researchers to meaningfully integrate quantitative research with qualitative methods, placing special emphasis on policies affecting struggling learners within and across levels of the system.

The first cohort of students to enroll in the certificate program will be 20 current Collaborative Researchers in the Education Sciences Training (CREST) Fellows. These UW doctoral students are supported by the Institute of Education Sciences with a yearly fellowship stipend, tuition, and research support. In addition to the CREST Fellows, the certificate will serve doctoral students from the College of Education, Evans School of Public Affairs, and the College of Arts and Sciences. The program anticipates granting ten certificates per year at maturity.

The Graduate School Council met on March 6, 2014, to discuss the certificate proposal. The Council recommended that the proposal be forwarded to the Board of Regents for final approval. The Vice Provost and Dean of the Graduate School concurred with this recommendation.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Mixed Methods Education Sciences (continued p. 2)

The Vice Provost and Dean of the Graduate School, the Dean of the College of Education, and the Provost have reviewed and approved the recommendation to approve the Graduate Certificate in Mixed Methods Education Sciences.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Science, Technology, and Society StudiesRECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Science, Technology, and Society Studies Graduate School Interdisciplinary Committee to offer the Graduate Certificate in Science, Technology, and Society Studies, effective Autumn Quarter 2014. The certificate program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

In October, 2013, the Graduate School received a full proposal from the Graduate Faculty of the Science, Technology, and Society Studies Graduate School Interdisciplinary Committee requesting authority to offer the Graduate Certificate in Science, Technology, and Society Studies. Implementation is planned for Autumn Quarter 2014.

The goal of this 18-credit graduate certificate is for students to become well-acquainted with the interdisciplinary research area of Science, Technology, and Society Studies. Scholars in this interdisciplinary community seek to understand how knowledge about the natural and social world is produced and authorized, how it evolves and is inflected by the contexts of its production and use, and what its normative implications are. The program draws on a wide range of disciplines, including the cognate fields of history and philosophy of science, social and cultural studies of science and technology, and interdisciplinary studies of scientific ethics, equity, and policy.

The University of Washington has particular strength in STEM fields, but in contrast to peer institutions it has no comparably ambitious interdisciplinary program in science, technology and society studies (STSS). The university does, however, have many accomplished STSS scholars who have developed related initiatives in their home units. In 2007 some of these faculty members worked together to develop a project funded by the Simpson Center called the Science Studies Network. This project created a forum for intellectual exchange between faculty and graduate students who share an interest in STSS. Faculty and graduate students active in the Network represent a broad cross-section of programs in the social sciences, humanities, professional schools, and a range of biological,

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Science, Technology, and Society Studies (continued p. 2)

environmental, and physical sciences. The proposed graduate certificate will build on this established network and respond to a need articulated by graduate students and faculty who seek opportunities to engage in STSS scholarship in a systematic way. The certificate anticipates granting four certificates per year at maturity.

The Graduate School Council met on March 20, 2014, to discuss the certificate proposal. The Council recommended that the proposal be forwarded to the Board of Regents for final approval. The Vice Provost and Dean of the Graduate School concurred with this recommendation.

The Vice Provost and Dean of the Graduate School and the Provost have reviewed and approved the recommendation to approve the Graduate Certificate in Science, Technology, and Society Studies.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Master of Science in Accounting – UW Bothell

RECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to faculty in the University of Washington Bothell School of Business to offer the Master of Science in Accounting degree program, effective Autumn Quarter 2014. This will be a fee-based program offered in coordination with UW Professional and Continuing Education. The degree program will have provisional status with a review to be scheduled for the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

In November, 2013, the Graduate School received notification of intent to plan the Master of Science in Accounting program from faculty of the School of Business at UW Bothell. After tri-campus stakeholder comment, the faculty developed a full proposal that was reviewed by the UW Bothell Academic Council and submitted to the Graduate School in January, 2014.

The Master of Science in Accounting is a 45 credit program that builds on core accounting knowledge to prepare students for a seamless transition to the complex world of professional accounting at an advanced level. The program focuses on areas such as financial accounting, managerial accounting, auditing, taxation and business law, as well as finance and economics as they relate to the accounting discipline. Students will be able to complete the degree requirements in one year attending classes full-time, or in two years attending part-time. At the end of the program, all students will have earned the necessary academic credits to sit for the CPA exam. The program anticipates having 40 FTE students at maturity.

The Master of Science in Accounting program responds to increasing employer demand for accounting professionals with a master's degree. The program also responds to the needs of the region, and it will increase UW Bothell's ties to the area as program graduates enter the workforce as part of the local business community.

In February, 2014, the Dean and Vice Provost of the Graduate School appointed two reviewers to evaluate the degree proposal. The reviewers both supported approval of the degree program. Each reviewer also made specific recommendations for improving the program. The final proposal was reviewed

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Master of Science in Accounting - UW Bothell (continued p. 2)

and endorsed by the UW Bothell General Faculty Organization Executive Council on April 3, 2014. The Executive Council recommended that the program be forwarded to the Graduate School and to the Board of Regents for final approval. The UW Bothell Chancellor concurred with this recommendation.

The Vice Provost and Dean of the Graduate School, the UW Bothell Chancellor, and the Provost have reviewed and approved the recommendation to approve the Master of Science in Accounting.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Master of Science in Geospatial Technologies – UW TacomaRECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Urban Studies Program at the University of Washington, Tacoma, WA to offer the Master of Science in Geospatial Technologies degree program, effective Autumn Quarter 2014. The degree program will have provisional status with a review to be conducted by the Graduate School in the 2019-2020 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

On November 20, 2013, the Graduate School received a proposal from the graduate faculty of the Urban Studies Program at the University of Washington, Tacoma, WA requesting authority to offer a state-funded Master of Science in Geospatial Technologies degree program. The proposed degree will be a 40 credit-hour program, with an initial targeted enrollment of 20 FTE, and tuition at the Tier II level.

The Master of Science in Geospatial Technologies degree program will train students to use and apply advanced geospatial hardware, software, and data in urban and environmental planning scenarios—a cornerstone of the proposed program. It is distinct in its emphasis on the breadth of geospatial technologies, including the increasingly central role of mobile computing. At the UW Tacoma, there is no other graduate program that focuses on geospatial technologies.

The geospatial industry has had impact on most sectors of the economy. As mobile technologies become more widespread, the integration between locational data and everyday life is drawn even tighter. South Puget Sound agencies face the challenge of moving toward more effective and efficient management of geospatial information in the use of mobile devices and web-based streaming geospatial data. Graduates with advanced training in geospatial technologies are, therefore, in increasingly high demand. They will be prepared to become leaders in the management and utilization of geospatial technologies within the growing job market in the public, private, and not-for-profit sectors.

The Master of Science in Geospatial Technologies proposal was evaluated by faculty with expertise in the field from the Department of Geography at The Ohio

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Master of Science in Geospatial Technologies – UW Tacoma (continued p. 2)

State University, and the Department of Geography and Geoinformation Science at the George Mason University.

The evaluators provided constructive criticism that contributed to strengthening the proposed program and both indicated that it responds to current trends in the field.

On April 3, 2014, the Academic Policy and Curriculum Committee (APCC) at the UW Tacoma recommended unanimously that the proposal for the Master of Science in Geospatial Technologies be approved. The Vice Chancellor for Academic Affairs supported the APCC's recommendation.

The Vice Provost and Dean of the Graduate School and the Provost have reviewed and approved this recommendation for the proposed Master of Science in Geospatial Technologies degree program.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree to Steven Anthony BallmerRECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents approve the granting of an Honorary Doctor of Science degree to Steve Ballmer, former Chief Executive Officer of Microsoft Corporation.

BACKGROUND

RCW 28B.20.130(6) grants to the Board of Regents, upon recommendation of the faculty, the authority to confer honorary degrees upon persons other than graduates “in recognition of their learning or devotion to literature, arts, or sciences.” The faculty Special Committee on Honorary Degrees is responsible for recommending candidates for honorary degrees. On April 28, 2014, the Special Committee recommended to President Young that Mr. Ballmer be awarded an Honorary Doctor of Science degree at the University of Washington June commencement ceremony, where he will be the Commencement speaker. President Young concurs with the recommendation and brings it to the Board of Regents on behalf of the faculty.

Mr. Ballmer bears more responsibility than anyone other than Bill Gates for the extraordinary success of Microsoft – success that has transformed Seattle and transformed the world in which we live. His contributions in business, technical, civic, and philanthropic arenas have been monumental.

Mr. Ballmer joined Microsoft in 1980 as its 30th employee. Before becoming CEO in 2000 – a position that he held for fourteen years – his roles at Microsoft included President, Executive Vice President of Sales and Support, Senior Vice President of Systems Software, and Vice President of Marketing. He continues to serve as a Director of the company.

Born in 1956, he grew up in the Detroit suburb of Farmington Hills and earned a bachelor’s degree in mathematics and economics from Harvard University in 1977. He worked for two years at Procter & Gamble as an assistant product manager, leaving in 1979 to attend Stanford University’s Graduate School of Business. During his first year at Stanford, he was lured to Microsoft by his sophomore year Harvard dorm-mate Bill Gates.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree Steven Anthony Ballmer (continued p. 2)

During his many years running the systems organization at Microsoft, Mr. Ballmer was the architect of the platform/partner strategy for Windows. Windows was designed to enable other companies to add their unique value while maintaining compatibility. He worked tirelessly to build an “ecosystem” of hardware and software companies using this strategy. This led to literally thousands of companies contributing to and benefitting from the success of Windows. During his time as CEO, Microsoft revenue rose from \$20 billion to \$78 billion, and profit rose from \$7.5 billion to \$22 billion.

He is credited with recruiting hundreds if not thousands of talented people to Washington. Recognizing the need for a “commercial-grade” Windows, he personally convinced key engineers at DECWest Engineering to join Microsoft. Whenever the company moved into a new product area – for example, servers – he would have brainstorming meetings to identify key people worldwide and then develop a strategy to get them to move to Microsoft, often flying across the country or around the world to persuade them in person.

Mr. Ballmer’s civic and philanthropic contributions have been as impactful as those in business and technology. At Microsoft, along with Mr. Gates, he championed Microsoft’s Giving Campaign. He and his wife, Connie, are strong supporters of health care and arts charities – much of it anonymous. They consistently make significant donations to the major regional medical research centers and cultural institutions. Organizations that have received at least \$1 million from the Ballmers include the University of Washington / Partners for Our Children, the Woodland Park Zoo, the United Way of King County, and the Jewish National Fund. In 1996, he and Bill Gates made a joint gift of \$25 million to fund Harvard University’s new computer science building, named Maxwell Dworkin Laboratory in honor of their mothers, Mary Maxwell Gates and Beatrice Dworkin Ballmer. The University of Oregon also receives generous support from the couple, and they funded Columbia University’s Knight-Bagehot Endowment Fund in Economics and Business Journalism.

Mr. Ballmer serves as co-chair of the Partnership for a New American Economy, a group of civic and business leaders who meet to promote economic benefits of sensible immigration reform in the United States. He is also a member of the Council on Competitiveness. He previously served as a Director of Accenture and as a trustee of the Detroit Country Day School.

Mr. Ballmer has received honorary degrees from the University of Southern California (Doctor of Humane Letters in 2011) and from Lawrence Technological University (Doctor of Computer Science in 2013), where while enrolled in high

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree Steven Anthony Ballmer (continued p. 3)

school, he participated in a summer mathematics institute that had a profound effect on him. In 2011, he was awarded Knight of the Legion of Honor by French President Nicolas Sarkozy.

Microsoft has literally changed the world through its vision and products and services. It has made a huge impact on the way we live our lives, the way we run our businesses, the way we educate students, the way we provide health care, and in thousands of other ways. To be able to recognize and honor one of its key leaders over the past nearly 35 years is a great opportunity for the University to make a statement of how important it has been to our lives in the modern era.

For his innovative and successful leadership in business and technology, and for his generous philanthropic support of community organizations, especially institutions of higher education across the United States, it would be an honor to confer upon Steve Ballmer an Honorary Doctor of Science degree at the June commencement ceremony.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Mechanisms for Student Input in the University of Washington Budget ProcessBACKGROUND

In recent years, students have called for an increase in transparency about the University of Washington's budget process. Student input in this process has been increased through the creation of PACS (the Provost's Advisory Committee for Students) and the continued growth of College Councils and other student advisory groups across the Seattle campus of UW.

Provost's Advisory Committee for Students (PACS)

- Founded: 2011
- Purpose: Advise the Provost on budget and policy decisions at the university level. This includes annual budgets, tuition levels and tuition policy, financial aid, long-range budget planning, and admissions and enrollment management.
- Membership: 14 voting students, including ASUW and GPSS Presidents, one student appointed by each ASUW-Bothell and ASUW-Tacoma, three graduate or professional students appointed by GPSS, six students appointed by ASUW; the ASUW-GPSS joint appointment to the Senate Committee on Planning and Budgeting.
- PACS meets weekly with Provost Cauce and other invited guests; recommendations on budget and policy are submitted as part of the annual budget preparation process. A sample recommendation, prepared for the Board, is attached.

College Councils and Student Advisory Councils

- Founded: 2011-present; ongoing
- Purpose: facilitate student input in budgeting and policy decisions at the College level; improve PACS's institutional knowledge and ability to advise the Provost
- Membership: College Councils differ according to unique college needs. Membership is defined by each College Council.
- College Councils interact with Deans and other administrators according to each College's needs; recommendations on budget and policy are generally submitted annually to PACS. A sample recommendation, by the College of the Environment's Student Advisory Board (CoEnv SAC), is attached.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Mechanisms for Student Input in the University of Washington Budget Process (continued p. 2)

Current Status of College Councils across UW

Students are encouraging all Deans to adopt a College Council, or similar organization to facilitate student input on College budgets and policies.

See the attached summary for an overview of which colleges have adopted a College Council as of April 21, 2014.

Request for Strategic Input:

As PACS and College Councils continue to grow and become formalized, challenges remain. Student leaders would especially benefit from the Board's insight on the following questions:

- College Councils have continued to grow: 83% of College Councils classified as either "Early stages" or "Dean interest, no council" are now functioning organizations. However, no completely new College Councils have been formed. For Colleges with no student desire for College Councils, how can student input be included in the budget process?
- Should this information be communicated to the Board? If so, how?
- What support and encouragement can the Regents provide for College Councils as they continue to grow?

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Mechanisms for Student Input in the University of Washington Budget Process
(continued p. 3)

Status of College Councils across the UW as of April 21, 2014

	Name	Status	Status Last Year	Presented Budget Requests to PACS
1	Arts and Sciences	Functioning	Functioning	Yes
2	Built Environments	Functioning	Functioning	
3	Business	Functioning	Early stages	Yes
4	Law	Functioning	Functioning	
5	Education	Functioning, non-traditional structure	Dean interest, no council	
6	Engineering	Functioning	Awaiting new Dean	
7	Environment	Functioning	Dean interest, no council	Yes
8	Public Affairs	Functioning	Early stages	Yes
9	Social Work	Functioning	Functioning	
10	Nursing	Early stages	Early stages	
11	Dentistry	No council	No council	
12	Information	No council	No council	
13	Medicine	No council	No council	
14	Pharmacy	No council	No council	
15	Public Health	No council	No council	

NOTE: Lack of participation at this stage does not necessarily imply a lack of interest by the college. College Councils are a relatively new concept that is spreading across campus as “early adopters” share success stories and develop best practices. Some colleges currently without a College Council have other limited means of gathering student input on their budget (Ex: student membership on faculty council which advises the Dean).

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Mechanisms for Student Input in the University of Washington Budget Process
(continued p. 4)

Attachments

Provost Advisory Committee for Students, brief prepared for the Board of Regents

Student Advisory Council Brief, Sample from the College of the Environment

Student Advisory Council PACS Request, Sample from the College of the Environment

Provost Advisory Committee for Students

Presented by Elise Randall (Chair) and Emma Van Inwegen

May 8, 2014

Background

The Provost Advisory Committee for Students (PACS) was created three years ago to add the student voice to central University budgeting. This group, formed of both undergraduate and graduate students from all three campuses, meets weekly to learn about and discuss student needs within the University. Provost Cauce regularly attends and provides the group with background information, answers questions, and offers guidance. PACS brings in other administrators and faculty to add to the discussion and give PACS an idea of where all the stakeholders in each issue stand. This year, PACS focused on the issues of sexual assault, building needs and their funding sources, financial aid, international students, student involvement in decision-making, and the allocation of Provost Reinvestment Funds.

Tuition and Faculty Retention

Before this year's priority issues are discussed, PACS would like to first thank the Board of Regents for their support and approval of the undergraduate resident tuition freeze last year and this year. This, combined with increased state funding, allowed the UW to retain top-quality faculty through raises while not increasing the cost burden upon students. **We applaud this achievement and look forward to continuing keeping tuition as affordable as possible for undergraduate and graduate students in the years to come.**

Sexual Assault

PACS supports the Sexual Assault Task Force's work to curb sexual assault in the UW community and increase access to resources for sexual assault victims. The safety of the larger learning environment of the UW campus and surrounding student area is critical to student success in the classroom. As a result, sexual assault prevention and awareness are integral to student outcomes and to making UW a true educational community.

Students have especially prioritized the recommendation from the Sexual Assault Prevention Task Force to fund a S.A.N.E. (Sexual Assault Nurse Examiner) Nurse in Hall Health and the UW Medical Center. We recognize this as an urgent need, as the closest nurse of this kind is currently a 35-minute bus ride away.

Financial Aid

Financial aid is critical to keeping the cost of education affordable. **PACS believes that financial aid opportunities such as Husky Promise or other options for low-income groups must be maintained and protected.** There is also a strong need for the University to work to address the growing unmet need in middle-income groups' financial aid.

State funding for the University of Washington has decreased 52% since 2008. Over that same period, tuition has increased by 75%. The effect of these dramatic increases has left students paying their way through school drowning in debt. Access does not equal a full collegiate experience. **Therefore, PACS is committed to helping students of all income groups have a collegiate experience not overshadowed by the stress of loans.**

A student coming from a middle class family with a combined income of \$80,000 with an expected family contribution of \$12,001 will not receive UW financial aid, and will have to cover the remaining \$14,999 worth of tuition every year through student loans or other means. This highlights **the need for strategic institutional aid for the middle class while reaffirming our commitment to low income students and the Husky Promise program.**

Financial aid, whether in the form of need-based grants, scholarships, or TA and RA positions, is crucial for graduate students as well. Many graduate students enter UW with undergraduate debt, and adding massive amounts of unsubsidized loans with compounding interest accruing while the student is still in school is simply unsustainable. Graduate education is increasingly important to the success of our economy, society, and future. Therefore, **we must invest in our graduate students through making programs affordable.** One way of investing in both graduate and undergraduate students is to increase TA positions on campus. This helps graduate students pay for their education and gives undergraduates a better academic experience.

Intercollegiate Athletic Programs

RCW 28B.15 sections 460 and 740 of Title IX of the Education Amendments of 1972 permit the University of Washington to allocate up to 1% of operating fee tuition revenue to achieve or maintain gender equity in intercollegiate athletic programs. Last year, UW used **\$3.3 million in tuition revenue** to subsidize women's athletic tuition waivers under the program even though in the same year the Department of Intercollegiate Athletics brought in **\$8.8 million in profits**. We believe that ICA should prioritize female and male athletes equally, and their budgeting process and allocation of athletics revenues should reflect such values.

Given that \$6 million in profits are projected for each of the coming three years and \$3.3 million represents about **5% of all institutional financial aid**, we call upon the University administration to reallocate athletics subsidies to current financial aid programs and maintaining current levels of tuition waivers through athletics-related revenue streams.

Life Sciences Building

PACS joins ASUW and the Arts and Sciences Advisory Council for Students in recognizing the importance of the Life Sciences building as carrying out UW's teaching mission. Student

research is also incredibly valuable and as biology is the most popular major on campus, **we recognize how vital a new Life Sciences building is to the UW community.**

However, PACS is deeply concerned about the proposed funding model for the new Life Sciences building. While this new building is a high priority for students, we do not approve a transition to funding academic buildings primarily through tuition. **Therefore, PACS does not approve the funding of the Life Sciences building through tuition dollars, nor any building proposed in the future. If tuition dollars are allocated for this project, it will both signal a major change in the budgeting methods of the institution, setting a concerning precedent.**

Finally, we also recognize that while there was some effort to have students involved in this decision, it came at the last minute. PACS was not made aware of any plans for a new building, let alone plans to fund it with tuition dollars, until February 2014. PACS encourages the Board of Regents to ask for meaningful student participation beyond the College level early on in decisions of this kind.

International Students

PACS has ongoing conversations about how to better include international students in the University of Washington community. A particular focus will be on who should pay for increased international student services, especially in the context of the recently approved International Student Fee. The International Student Fee has come to represent this concern as a campus priority. We look forward to returning to the Board with this discussion in June.

Student Involvement in Decision-Making

PACS is very pleased with the work of College Councils this year in representing student concerns and input in the various colleges. Groups of undergraduate and graduate students from across campus meet with their Deans to understand the college's budget and provide feedback on student priorities within that budgeting process. College Council input on Provost Reinvestment Funds has been especially useful for PACS as each college student body has their own concerns that PACS may not be aware of without the College Councils.

Appendix A

PACS Budgeting Principles

The University of Washington is a public institution; therefore its budget and policies should reflect this charge. What follows are a general mission and principles to be used by the Provost and other budget officers at the University of Washington during the drafting and implementation of the FY2015 budget as well as future budgets until the submission of new principles by the Chair of the Provost's Advisory Committee for Students (PACS).

The mission of the Provost Advisory Committee for Students is to give students a voice in University budgeting and policy decisions so as to maintain access to the University of Washington's high-quality educational opportunities. Working towards the goal of sustainable budgets across the University, PACS represents students' interests while promoting shared governance as well as fair and equal access to information relevant to decision making. PACS ensures that investments are having their intended impact by working with student groups throughout different colleges to understand students' needs.

Principle 1: Increase Access.

No qualified student should have to forgo an education at the University of Washington.

- a. Prioritize affordable tuition for all students.
- b. Maintain and protect financial aid opportunities such as Husky Promise for low-income groups.
- c. Work to address the growing unmet need in middle-income groups.
- d. Ensure competitive majors do not prevent qualified students from accessing or completing their education.
- e. Continue the moratorium on new fee-based programs and promote state reinvestment in those already existing.

Principle 2: Enhance Educational Quality.

The University should provide a high quality education and learning environment through classroom instruction, research, and the campus environment.

- a. Emphasize pedagogical integrity as units find more efficient ways of providing courses, especially in the online context.
- b. Maintain funding for teaching and research assistant positions, as these positions are essential to the quality of instruction and create opportunities for students to develop

professionally.

- c.** Prioritize administrative services, advising functions, and tutoring programs that directly contribute to the academic mission.
- d.** Focus on the student as a whole. Attempts should be made to protect critical functions such as campus safety, mental and physical health, and other student services that contribute to student experience.
- e.** Strive to engage all students in the campus community with a focus on personal growth outside of the classroom.

SAMPLE BRIEF

College of the Environment Student Advisory Council

STRUCTURE

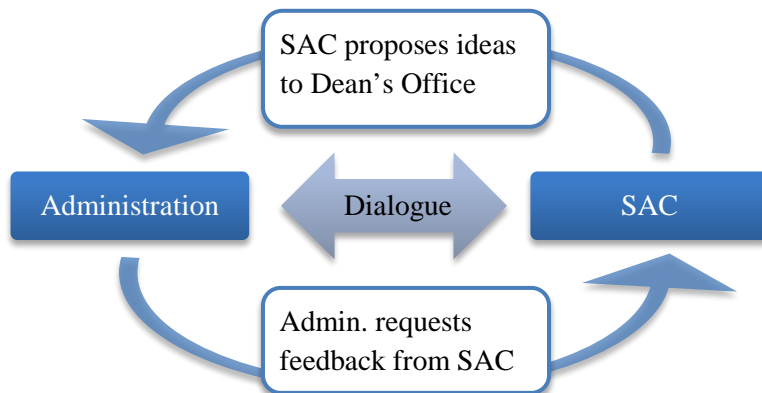
- Student representatives from all units within the College of the Environment: School of Aquatic and Fishery Sciences, Department of Atmospheric Sciences, Department of Earth and Space Sciences, Program on the Environment, School of Environmental and Forest Sciences, School of Marine and Environmental Affairs, School of Oceanography
- 1 ASUW Student Senate member and 1 GPSS member who are students in the College, 1 member from Registered Student Organizations (RSOs) affiliated with the College

OPERATIONS

- Student Advisory Council (SAC) meets monthly on Mondays from 3:30-5:00 p.m.
- Co-Chair responsibilities: Organize meetings, set agenda, facilitate communication between Council members and Dean's Office.
- Agenda includes a combination of issues proposed by Dean's Office and Council members. The SAC welcomes other groups interested in engaging with the Council.
- Communication among Council members is facilitated via email and online discussion board.

COUNCIL ACTIVITIES

- Council communicates with Dean's Office and Administration
 - Council provides feedback and student perspective on College goals and activities.
 - Council brings up issues that students believe are important.



- Members represent student interests to discuss College-level issues that impact students
 - Council works with Dean for general College interests and issues that impact students
 - Example: Council communicates student opinions on graduation gift, proposed transcriptable academic programs, course fees and other issues.
 - Members have self-determination and can introduce new topics
 - Example: Council has created working group on student research and is proposing opportunities for graduate-undergraduate mentorship to deans and unit heads.
 - Council engages in two-way discussions with the Dean's Office
 - Example: SAC is obtaining information about the proposed Marine Biology Major from administrators. Council members are gathering feedback from students about the major and communicating student interests to administration.
 - Example: Council members obtained information about requests from administrators. SAC developed and communicated recommendations about the College's budget requests to the Provost's Advisory Committee for Students.

SAMPLE REQUEST TO PACS FROM THE COLLEGE OF THE ENVIRONMENT
STUDENT ADVISORY COUNCIL

College of the Environment Student Council
University of Washington - Seattle

Elise Randall
Chair, Provost Advisory Committee for Students
University of Washington - Seattle

14 February 2014

Dear Elise,

Thank you for the opportunity to comment on the College of the Environment's requests for Provost Reinvestment Funds. The College of the Environment Student Advisory Council (CoEnv SAC) has discussed the College of the Environment's requests for Provost Reinvestment Funds. Enclosed you will find a summary of these requests along the CoEnv SAC's comments and recommendations on the requested Reinvestment Funds. The SAC provides these recommendations after deliberation among graduate and undergraduate student representatives from the College of the Environment. In addition, the SAC has discussed the College's requests with Dean Lisa Graumlich and Julia Parrish, Associate Dean, Academic Affairs and Diversity.

The CoEnv SAC is currently serving in its inaugural year. The SAC is committed to creating an active dialogue between students and the Dean's Office so that student needs are clearly articulated and supported by the College. SAC members represent all schools and departments within the College as well as registered student organizations (RSOs), the Associated Students of the University of Washington (ASUW) and the Graduate and Professional School Senate (GPSS). The SAC seeks to create active dialogue between students and the Dean's Office, promote interdisciplinary environmental education and ensure the quality of student experience in the College of the Environment. We are eager to see growth within the College of the Environment and also create new opportunities for partnerships between the College of the Environment and other departments at the University of Washington.

Please do not hesitate to contact us if you have any questions that we can answer to help inform discussions among PACS members.

Sincerely,

Campbell Glass
glassctm@uw.edu

Saiontoni Sarkar
ssarkar@uw.edu

Co-Chairs, College of the Environment Student Advisory Council

1. Please summarize what your school has requested from the Provost for Provost Reinvestment Funds, as well as any other long-term plans or internal budgeting that you have been given access to. This should be short, PACS just wants to understand the issues on which your comments later in the document are based.

Marine Biology Major

The College of the Environment has requested \$50,000 for 5 years. This will primarily cover costs associated with taking on an adviser/coordinator to support the program, as most of the coursework will take advantage of existing courses in Oceanography, Fisheries, and Biology.

Bioresource Science and Engineering (BSE) Funding

The College of the Environment has requested \$70,000 for 2 years. This will ensure that BSE students have access to their core courses and can continue to make timely progress towards graduation by funding increased numbers of teaching faculty and hiring professional staff.

Food Studies Minor

The College of the Environment has requested \$50,000 for 3 years. This will support recent expansion of interest and action in UW food sustainability in addition to creating two new courses in Food Studies and funding the introduction of the new Food Studies Minor.

Environmental Law and Justice Courses

The College of the Environment has requested \$75,000 for 1 year. This will support new pilot classes in Environmental Law and/or Justice and begin a campus-wide dialogue on Law and the Environment with provisions to ensure the sustainable participation of undergraduates.

2. Please comment on each request by your college. Do you agree with the request? If so, why? If not, why? Were you given enough information to agree or disagree? If so, please explain that. Overall, we are looking for student prioritization of these requests so please highlight important issues for the Provost to consider.

Marine Biology

Of the many areas for expansion within the College of the Environment at the University of Washington, the creation of an undergraduate major in Marine Biology is by far the most necessary. Marine Biology is in high demand among undergraduate students, being one of the most common academic interest areas of incoming freshmen. The proposed program uses many existing courses in biology, fisheries, and oceanography to provide a complete Marine Biology education with a minimal amount of new faculty required to institute it. Furthermore, this major has faculty and college support across the departments that will provide courses for the major. Increased student enrollment in College of the Environment courses will bring more funding to the College. In addition, the major would help reduce the overcrowding present within the undergraduate Biology major.

However, the SAC has some concerns about potential impacts of increased class sizes for SAFS, OCEAN, and other courses within the College of the Environment. The SAC believes it is essential that increased enrollment in these courses do not negatively impact the education of

SAFS students. To avoid this outcome, the SAC recommends that additional resources gained from increased enrollment in the CoEnv contribute to maintaining the quality of the SAFS undergraduate education, with particular regard to preserving the experience-focused education that characterizes the current Aquatic & Fishery Sciences major. In addition, there are some concerns among students in SAFS that the creation of the Marine Biology major may lead to the reduction of undergraduate Aquatic & Fishery Sciences Majors. CoEnv SAC members are currently engaging in dialogue with Dean Lisa Graumlich and Julia Parrish, Associate Dean, Academic Affairs & Diversity, to discuss these concerns.

Bioresource Science and Engineering

The Bioresource Science and Engineering (BSE) program at the UW has been growing in size, and student demand for core classes has been increasing. While this has been happening, the Chemical Engineering (CE) department has begun to decrease the size of some of the core classes it offers, which are shared between CE and BSE students. This has resulted in an insufficient number of spaces for BSE students in the core classes that they need to make adequate progress towards graduation. Additional funding is requested in order to ensure that BSE students can take the classes that they need to and receive their degrees. This proposed funding will support temporary measures to ensure the BSE curriculum is delivered until a new Assistant Professor is hired in the BSE program. The hiring of a new professional staff member will provide support for student services.

BSE students greatly benefited from taking CE classes within their own BSE program. During Autumn 2013 and Winter 2014, BSE juniors enrolled in CE classes taught by BSE faculty members, separated from the CE department. These classes were much smaller in size, giving BSE undergraduates the ability to interact more closely with BSE faculty and classmates. Students had more opportunities to ask questions, express their ideas during class, and work together on group projects from students within their own major. Class content was specifically tailored to BSE students' needs, giving students a stronger and more relevant foundation as well as develop closer relationships with their classmates. Increased funding for the BSE curriculum will support these activities and thus help BSE students succeed in the future. In addition, student groups would like to see more awareness of the opportunities within the BSE program. They believe that more funding will help foster a stronger and more well-known BSE program and attract students to the UW.

Food Studies Minor

The UW has seen an increase in student interest around food studies over the past ten years. Numerous food courses and seminars have been created to encourage the discussion of food studies. The UW Farm has been growing, expanding from the Botany Greenhouse to the Center for Urban Horticulture and Mercer Court. In addition, Mercer Court currently houses a new Food Exploration Community, which has increased student engagement with the UW Farm. There are also a growing number of student RSOs related to food (e.g. The Real Food Challenge and the Student Food Co-Op) and increased enrollment in courses and seminars related to food studies. Student food groups would like to see campus-wide collaboration between faculty, students and researchers to support interdisciplinary education about food studies. In particular, groups like

the Student Food Co-op would like to see the interdisciplinary minor connect students with RSOs to provide rich experiential opportunities to complement classroom learning.

Food Studies spans several disciplines both within and outside of the College of the Environment, including the environmental sciences, anthropology, law and public health. Faculty from many schools will support this new interdisciplinary minor. Thus, the creation of a Food Studies minor will create more opportunities for students to explore their passions and critically explore food studies from an interdisciplinary perspective. In addition, the Food Studies minor will create experiential opportunities for students by creating service and extracurricular opportunities through partnerships with RSOs and faculty, who will be able to engage with service and extracurricular opportunities around food. As a result of the growing academic discourse and experiential opportunities regarding food studies, the UW is uniquely positioned to become a leader in food studies with the support of an interdisciplinary Food Studies Minor. Thus, the CoEnv SAC believes that the Food Studies Minor will draw prospective undergraduates to the University of Washington.

Environmental Law and Justice Courses

The SAC believes that the UW is uniquely positioned to foster an interdisciplinary dialogue about law and the environment. Specifically, integrating faculty expertise from the the School of Law and the College of the Environment will support the development of courses that integrate these disciplines. It is important that undergraduates interested in both environmental sciences and policy have exposure to environmental law and justice. Piloting courses that link these disciplines will provide undergraduates an opportunity to critically explore political and legal factors that influence policy and impact environmental justice issues. The creation of courses on environmental law and justice will support curriculum development that has the potential to draw prospective undergraduates interested in environmental law and justice to the UW.

It is also important to support this integrated curriculum because the UW's Climate Action Plan calls for the implementation of this exact measure in 2.1.3 Strategy: Expand Environmental Foci to UW's Professional Degree Programs. Specifically, the Climate Action Plan calls for the development of high-quality environmental professional degree programs or courses in relevant schools and colleges. Piloting undergraduate courses and link environmental law and justice will be an important first step towards strengthening campus-wide academic opportunities to bridge environmental science, policy and law.

3. What needs do your group see at your college that were not part of the Provost Reinvestment Fund Requests? Please list and explain below.

The four proposed Provost Reinvestment Fund Requests adequately fulfill the current needs of the College of the Environment student body. Should these four requests be granted, the needs of the College of the Environment students would be satisfactorily addressed while ensuring a bright future for the College of the Environment.

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Sexual Assault Task Force Findings and RecommendationsBACKGROUND

In April 2013, President Michael Young charged a group of University academic personnel and staff to “review our current policies and practices, explore best practices from other institutions, develop new practices to fill any gaps, and propose a plan for their implementation.” This group included administrators, staff representatives from each of the three campuses, and both undergraduate and graduate students. This group created an initial report outlining current University of Washington resources, without suggesting recommendations.

To achieve that end, the Task Force met regularly, with their work culminating in a Final Report (attached) released in October, 2013. This final report contains eight broad goals, developed by the Task Force, for which the Task Force believes the University of Washington should strive to create a successful sexual assault prevention and response program. Within these goals, the Task Force outlines 18 recommendations to ensure that all possible measures are being taken to prevent sexual assault at our campus.

This January (2014), President Obama issued a Presidential memorandum establishing the “White House Task Force to Protect Students from Sexual Assault.” As national attention continues to focus on issues of sexual assault at universities, UW is proud to be taking proactive steps towards being a safer, more supportive, institution.

Request for Strategic Input:

As the University of Washington moves from better understanding our resources to implementing these recommendations, the Board can provide input especially in the following areas:

- What other steps are necessary to create a safe campus environment?
- With sexual assault on campuses a problem across the country, how can the University of Washington position itself as a leader in prevention, awareness, and education of these issues?
- This report focuses on what needs to change, without providing a roadmap of how to achieve that change. What suggests or insights can you offer as the Task Force establishes next steps?
- How can the Board and senior administrators continue to support these efforts?

Attachment

Task Force on Sexual Assault Prevention and Response Final Report

Task Force on Sexual Assault Prevention and Response

Final Report: Goals and Recommendations

University of Washington

October 2013

Task Force Members

Ellen Taylor (Chair)	Assistant Vice President for Student Life, and Director of Counseling Center
Elizabeth Coveney	Associate Vice President, HR Administration and Information Systems
David Eaton	Dean and Vice Provost, Graduate School
Brian Fabien	Chair, Faculty Council on Student Affairs
Cedric Howard	Vice Chancellor, Student Services, UW Tacoma
Shelley Kostrinsky	Assistant Vice Provost for Academic Personnel
Amanda Paye	Title IX Coordinator, Office of Risk Management
Stephanie Rempe	Senior Associate Athletic Director
Robin Sacks	Student, Associated Students of UW (ASUW) representative
Kimberly Schertz	Student, Graduate and Professional Student Senate (GPSS) representative
Pam Schreiber	Director, Housing and Food Services
Naomi Sugar, M.D.*	Clinical Professor of Pediatrics, Harborview and Children's Hospital
Ed Taylor	Vice Provost and Dean, Undergraduate Academic Affairs
George Theo	Dean of Student Affairs, UW Bothell
John Vinson	Chief, UW Police Department

The Task Force thanks the Compliance Support Program in the Office of Risk Management, part of UW Finance and Facilities, for providing project management resources to this effort.

Susan Freccia Project Manager, Task Force on Sexual Assault Prevention and Response

** Naomi Sugar passed away in July 2013. The Task Force respectfully acknowledges her participation on the Task Force and her more than twenty years of work at Harborview Center for Sexual Assault and Traumatic Stress.*

Background and Scope

Background

In April 2013, University of Washington (UW) President Michael Young reconfirmed the University's commitment to do all the institution can and should to prevent sexual assault of its students and to properly respond to every individual report of sexual assault. To that end, he charged a group of University academic personnel, staff and students to come together as the Task Force on Sexual Assault Prevention and Response to "review our current policies and practices, explore best practices from other institutions, develop new practices to fill any gaps, and propose a plan for their implementation."

Initial Report

In May 2013, an Initial Report was presented to the President and to the Task Force on Sexual Assault Prevention and Response. The Initial Report outlined current prevention and response resources, policies, and data regarding sexual assault at UW. It did not draw conclusions or make recommendations.

Final Report

This final report contains eight broad goals the Task Force developed and believes the UW – or any institution – needs to strive for to create a successful sexual assault prevention and response program.

Recommendations

Filed under the eight goals are 18 recommendations that will take UW beyond compliance with state and federal laws, regulations, and guidelines. The aim is to transform the campus culture. These recommendations include bold steps in creating and delivering strong prevention programs, actively supporting victims if violence does occur, and effectively holding perpetrators accountable.

Implementation

The focus of these recommendations is *what* needs to change, and does not provide a detailed map on exactly *how* to get there. The program or group responsible for leading implementation is identified for each recommendation, but all work will be done collaboratively with appropriate partners.

Implementation teams must be given leverage to make the decisions they determine will best meet the eight primary goals and follow the guiding principles outlined in this report. The Task Force recognizes that this will be a dynamic process and specifics may change as the institution collects data, revisits priorities, and attends to the national landscape. The Task Force requests that service providers, oversight bodies and working committees ask hard questions, challenge assumptions and leave open the possibility of shifting the specifics of recommendations to accomplish the President's charge.

Resources

Increased awareness of sexual assault and support services will lead to increased reporting, which will in turn result in increased demand for resources. Although the University of Washington has a number of programs and professional staff dedicated to achieving the recommendations outlined in this report, additional resources are needed. Four requests for resources are made (see **Request for Resources**, page 26); one includes a suggestion to formalize and expand the current Sexual Assault and Relationship Violence Information Service (SARIS) into a new Sexual Assault Prevention and Response Program.

Synergy

Although the primary focus of the President's Task Force on Sexual Assault Prevention and Response is on sexual assault of a student by a student, many of the resources and policies apply to situations involving staff or academic personnel. Some recommendations will certainly benefit from broadening the scope beyond sexual assault issues specifically to ensure best use of resources and efficiency (for example, providing alcohol awareness training at the same time as sexual assault training). Look for the *Synergy: Beyond Sexual Assault* and *Synergy: Beyond Students* boxes found throughout the **Recommendations** section for these opportunities.

This report is organized as follows:

Task Force Members, page 2

Background and Scope, page 3

Guiding Principles, page 5

Focus Groups, Legal Mandates and Best Practices, page 6

Focus Group Participants, page 7

Primary Goals, page 8

Summary of Recommendations, page 9

Recommendations, page 11

Request for Resources, page 26

Implementation and Timeline, page 29

Guiding Principles

These principles, developed by the Task Force, lay the foundation for and should guide sexual assault prevention and response policy and work at the University of Washington.

Create Cultural Change

Addressing sexual assault requires an assessment of the current climate and where necessary, a culture shift. Our strategy is a comprehensive approach to violence prevention that:

- Acknowledges that the vast majority of sexual assaults are perpetrated by a person or persons known to the victim
- Recognizes the complex and often co-occurring relationship between alcohol and drugs and sexual assault
- Challenges the propensity for victim-blaming
- Promotes the acceptance of a broad spectrum of sexual choices, from abstinence to “sex-positive”
- Understands and clearly defines the meaning and nature of consent

Take a Community Approach

Addressing sexual assault requires a holistic approach. We aim to raise awareness of issues, resources and responsibilities among all members of the campus, providing each with the skills and empowerment to promote a caring community in which students are safe from sexual assault, harassment, and discrimination. We must embrace institutional best practices and guiding principles that ensure common direction and approach. We hold that this responsibility is shared by every employee and student, not only by the few offices, staff and student groups dedicated to this work.

Start from the Student Perspective

When developing education and prevention programming, support services, and timely and effective accountability systems, we start from the student perspective. This ranges from writing in clear language, to providing appropriate opportunities for student participation in policy development, to gathering student feedback about effectiveness of programs and practices. Best practices are and should be student-focused. Administrative functions follow this lead. It is our position that this approach is closely aligned with the goals of both compliance and culture shift.

Focus Groups, Legal Mandates and Best Practices

In developing the recommendations for this report, the Task Force held a series of campus focus groups; identified applicable state and federal laws, regulations, and guidelines; and reviewed best practices emerging from institutions around the country.

Focus Groups

In June 2013, thirty-five people from across the University participated in one of five focus group sessions on sexual assault prevention and response. Participants were selected to represent the breadth, expertise and experience of the University of Washington community. In order to facilitate a cross-pollination of ideas, direct service providers, students, and researchers were represented at each session. A list of participants follows on the next page.

Participants were asked to answer the following questions:

- What does UW do particularly well in preventing and responding to sexual assault between students?
- What could and should the UW do better? Please note specific recommendations.
- What best practices from other institutions are you aware of that UW could emulate?

Legal Mandates

In developing the recommendations for this report, the Task Force considered mandates from various federal laws and regulations regarding institutions of higher education and sexual assault, including: Title IX, Campus Sexual Violence Elimination Act (SaVE), Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery), and Violence Against Women Act (VAWA).

Best Practices

The Task Force identified no single institution employing what could be modeled as comprehensive best practices. The guidance and practices of many organizations, institutions and governmental bodies were considered, including:

- Department of Justice resolution agreements, including: University of Montana, Yale University, University of Notre Dame
- Safercampus.org
- 2011 Dear Colleague Letter from the Office for Civil Rights
- End Violence Against Women International Conference 2013, including best practices from William Paterson University
- Research on perpetrators by David Lisak, alcohol and substance abuse by UW, and more

Focus Group Participants

The Task Force acknowledges and thanks the focus group participants for their time, expertise and commitment.

Sara Ainsworth	Lecturer, UW Law School
Karen Baebler	Assistant Athletic Director, Sport Operations, Intercollegiate Athletics
Shannon Bailie	Director, Health and Wellness
Sutapa Basu	Director, Women's Center
Michele Bedard-Gilligan	Acting Assistant Professor, Psychiatry and Behavioral Sciences
Lucy Berliner	Harborview Center for Sexual Assault & Traumatic Stress
Jeri Carter	Dean, Student Success, UW Tacoma
Jillian Celich	Student
Ron Chamberlain	Sports Psychologist, Intercollegiate Athletics
Emily Christian	Interim Director, UW Bothell Student Services
Kelly Cue Davis	Research Associate Professor, Social Work
Natalie Dolci	Victim Advocate, University of Washington Police Department
Orion S. Donovan-Smith	Student
Dave Girts	Manager, Violence Prevention and Response Program (SafeCampus)
Christopher Glenn	Administrator, Conduct & Compliance, Housing and Food Services
Alison Greenwood	Assistant Director of Recreation and Wellness, UW Bothell
Heather Gulian	Nurse Practitioner, Student Health Services, UW Tacoma
Michelle Harper	Student Leadership Specialist, Student Involvement, UW Tacoma
Terry Hill	Assistant Director of Student Life, UW Bothell
David Hotz	Director, Fraternity and Sorority Life
Michael Johnson	Student
Debra Kaysen	Associate Professor, Psychiatry and Behavioral Sciences
Sean Kitaoka	Psychologist, Student Affairs, UW Tacoma
Jill Lee	Director, University Complaint Investigation and Resolution Office (UCIRO)
Elizabeth Lewis	Director, Community Standards and Student Conduct
Rich Lewis	Commander, University of Washington Police Department, UW Bothell
Alison S. Mehravari	Student
Anna Mertz	Assistant to the Vice Chancellor for Student Affairs, UW Tacoma
Ed Mirecki	Director, Academic Services, Student Affairs, UW Tacoma
Jeanette Norris, PhD	Senior Research Scientist, Alcohol and Drug Abuse Institute
Katie Peterson	Student
Lauren Redman	Student
Steve Rittereiser	Commander, University of Washington Police Department
Melissa Tumas	Specialist, Sexual Assault & Relationship Violence (SARIS)
Susan Wagshul-Golden	Director, Campus Safety and Security, UW Tacoma

Primary Goals

A successful sexual assault prevention and response effort requires a comprehensive, coordinated, community approach. These eight broad goals, developed by the Task Force, are critical for the UW – or any institution – to strive towards when creating a successful prevention and response program.

1

Have a visible, robust, easily-accessible, collaborative network of response and intervention services for students in need

2

Educate all students about sexual assault

3

Create a community that knows how to respond and provide support

4

Provide an investigation and disciplinary process appropriate for sexual assault

5

Demonstrate compliance with all applicable federal and state laws, regulations, and guidance

6

Generate data, metrics and reporting that allow for sound decision making

7

Establish policies and procedures that set direction, clarify intent, and guide coordinated work

8

Provide effective oversight and follow guiding principles to ensure common direction

Summary of Recommendations

Have a visible, robust, easily-accessible, collaborative network of response and intervention services for students in need

- Recommendation 1* **Develop roles and clarify process among departments providing response and intervention services**
- Recommendation 2* **Create and maintain one website with comprehensive information about sexual assault**
- Recommendation 3* **Ensure medical care resources, including Sexual Assault Nurse Examiner (SANE) exams, are available in close proximity to campus**
- Recommendation 4* **Provide resources for students at all three campuses**

Educate all students about sexual assault

- Recommendation 5* **Provide comprehensive training campaign for all students**
- Recommendation 6* **Create targeted training for special groups of students: fraternities and sororities, men, student athletes, and others**
- Recommendation 7* **Develop and initiate an ongoing robust public information campaign**

Create a community that knows how to respond and provide support

- Recommendation 8* **Expand bystander training for students, academic personnel and staff**
- Recommendation 9* **First responder training: Educate and train on how to be supportive and respond if someone reveals she/he was assaulted**
- Recommendation 10* **Train staff and academic personnel on their reporting requirements**

Provide an investigation and disciplinary process appropriate for sexual assault

- Recommendation 11* **Transform the investigation and disciplinary process for sexual assault**

Demonstrate compliance with all applicable federal and state laws, regulations and guidance

Recommendation 12 **Ensure compliance with federal and state laws, regulations, and guidance related to prevention of and response to sexual assault**

Generate data, metrics and reporting that allow for sound decision making

Recommendation 13 **Survey students on rates of sexual assault and awareness of campus resources**

Recommendation 14 **Gather, track, and assess information at an institutional level**

Recommendation 15 **Evaluate program effectiveness regularly**

Establish policies and procedures that set direction, clarify intent, and guide coordinated work

Recommendation 16 **Revise the current Student Conduct Code sexual assault investigation and disciplinary policy and process**

Recommendation 17 **Review, revise and ensure alignment of University policies that relate to sexual assault**

Provide effective oversight and follow guiding principles to ensure common direction

Recommendation 18 **Provide effective oversight to guide strategic direction of Task Force recommendations**

Recommendations

Over the past several years, through tight budgetary times, the UW has cobbled together resources, developed strong programs, and demonstrated a commitment to addressing sexual assault on campus. Dedicated professionals have brought their passion and expertise to the table, and strong collaborative efforts have been implemented. However, the following recommendations are the Task Force's response to the President's commitment to "...make sure we are doing all we can and should do to prevent sexual assault and to properly respond to every individual report of sexual assault." In most cases, the recommendation reflects an improvement or enhancement of policies or programs already in place. Recommendations are categorized by **Primary Goals** (page 8).

Have a visible, robust, easily-accessible, collaborative network of response and intervention services for students in need

Recommendation 1

Develop roles and clarify process among departments providing response and intervention services

The UW has a network of critical support services and resources in place: Sexual Assault and Relationship Violence (SARIS), student conduct offices, University of Washington Police Department (UWPD)/campus security offices, Violence Prevention and Response Program (SafeCampus), counseling centers, Victim Advocate in UWPD, and Title IX Coordinator. Staff are dedicated and knowledgeable. These services, however, have been developed in an ad hoc manner and supported through a variety of financial and administrative avenues, which can lead to role confusion, gaps in services, or bottlenecks in administrative processes involving multiple departments. In order to do the best possible prevention work and respond in a timely and effective manner to instances of sexual assault, clarification of roles and strengthening of collaboration are critical.

Implementation: Task Force creates working committee to review and oversee

Request for Resources: Requests 2 & 4

Recommendation 2

Create and maintain one website with comprehensive information about sexual assault

It is critical that students, staff, academic personnel, parents, and other members of the UW community can easily access information, including resources, FAQ's, policies, and programs relating to sexual assault. This information is currently available, but it is spread widely across multiple websites hosted by the owner of each narrow content area. A single website with an intuitive URL (uw.edu/sexual assault, for example) should be developed and maintained to house information from various service providers, regardless of where they report administratively.

Implementation: Sexual Assault Prevention and Response Program leads collaborative effort with other service providers

Request for Resources: Requests 2 & 4

Recommendation 3

Ensure medical care resources, including Sexual Assault Nurse Examiner (SANE) exams, are available in close proximity to campus

The first need for a student who has been sexually assaulted is medical care. Sexual Assault Nurse Examiners provide free forensic exams, known as "rape kits," which include emergency contraception, sexually transmitted disease (STD) prevention, and treatment of wounds, as well as forensic exams to gather evidence and document bruising and injuries. A police report is not necessary at the time of the SANE exam. Evidence and information are saved for possible reporting and prosecution at a later date. Currently, the closest SANE nurse to the UW Seattle campus is at Harborview.

The UW has world-class medical facilities. An evaluation should be done of whether SANE nurse resources can be enhanced within the UW Medicine system, particularly close to the Seattle main campus. The website developed pursuant to *Recommendation 2* should provide information about other nearby SANE nurses, including for Bothell and Tacoma students, as well as transportation options to access these vital services.

Implementation: Task Force contacts UW Medicine

Request for Resources: Future need may be identified

Recommendation 4

Provide resources for students at all three campuses

Students, regardless of status or location, should have access to basic, comprehensive sexual assault prevention education and response services. Each campus is already equipped with many necessary services, such as counseling and student conduct. Expanded resources for sexual assault prevention and response will allow for expanded services to all three campuses. A coordinator of sexual assault support services, possibly a deputy Title IX Coordinator, should be identified for each campus.

Implementation: UW Tacoma and UW Bothell each lead campus-specific collaborative effort with Title IX Coordinator, Sexual Assault Prevention and Response Program and other service providers

Request for Resources: Request 2

Recommendation 5

Provide comprehensive training campaign for all students

Because research indicates that students in their first few weeks of college are at particularly high risk for sexual assault, it is imperative that training occur at orientation. Additional training should follow at multiple points during the first year, as well as during subsequent years of college and for graduate and professional students. SARIS and other Health & Wellness programs have developed and started implementing a model curriculum based on research regarding student learning and positive behavior change. The expertise exists on campus to create and implement cutting edge educational programs. Lack of resources and staffing prohibit the large scale expansion of these outreach services. Further, access and opportunities to engage with student groups and departments are imperative. The positive relationships built between Health & Wellness and Intercollegiate Athletics (ICA), First Year Programs (FYP), and Fraternity and Sorority Life are models for success. Expanded service provider capacity and endorsement from university administration has the potential to extend this reach to every student.

<p>Synergy: Beyond Sexual Assault</p> <p>Comprehensive training being created for students includes alcohol and drug awareness, depression and suicide risk, healthy behaviors and more.</p>

Implementation: Sexual Assault Prevention and Response Program leads collaborative effort with other service providers

Request for Resources: Requests 2 & 3

Recommendation 6

Create targeted training for special groups of students: fraternities and sororities, men, student athletes, and others

Training and education for special groups is an effective means to reach affinity groups, build relationships and employ peer-to-peer training. Stereotypes, myths, accessibility and varying cultural norms and expectations require sensitive but honest and straightforward approaches to content and process. The following special groups – along with faith-based communities, students of color, the Queer (LGBTQ) community, military and veterans, and international students – may benefit from specialized training and support:

Men

A men's committee should be convened to consider the creation of a Men's Center on campus or other method of educating about respect, violence prevention, gender socialization process, and consent. Broader culture change could be accomplished through conversation, activities, and initiatives designed to involve men early in their development of behavioral habits and identities.

Student Athletes

The Intercollegiate Athletics program (ICA) provides NCAA-required training on issues of sexual assault and relationship violence. A strong collaborative relationship has been established between ICA and SARIS, which should be continued and enhanced.

Fraternity and Sorority Members

Recognition agreements with the University require that sexual assault, relationship violence and substance abuse awareness training be provided each year by fraternities and sororities to their members. Collaboration between University administration and the recognized fraternities and sororities is ongoing and should be enhanced.

Implementation: Sexual Assault Prevention and Response Program leads collaborative effort with other service providers

Request for Resources: Requests 2 & 3

Recommendation 7

Develop and initiate an ongoing robust public information campaign

A robust, evidence-based education and prevention program will have the capacity to reach all three campuses with targeted healthy messages, information about consent, resources, social norms and institutional expectations. A variety of delivery methods should be employed, including email listservs, social media, mobile apps, and posters. Messages should be accessible to all audiences, sensitive to cultural variables, and provide detailed information about where to go for help and what to expect when accessing services.

Implementation: Sexual Assault Prevention and Response Program leads effort

Request for Resources: Requests 2, 3 & 4

Recommendation 8

Expand bystander training for students, academic personnel and staff

Bystander training models like GreenDot aim to reduce the incidence of sexual assault in the community and, “encourage any behavior, choice, word, or attitude that promotes safety for all our citizens and communicates utter intolerance for violence.” Green Dot, a volunteer-based program, has been introduced for students at UW. Current staffing levels have not allowed for a full-scale implementation of the program to students or to academic personnel and staff. The Green Dot program, as one critical element in a comprehensive prevention campaign, should be implemented on a grander scale, designed to reach every member of the campus communities. Collaboration with researchers should be pursued to evaluate and refine this national program.

**Synergy:
Beyond Sexual Assault**

The Bystander Training model provides critical information and skills that can also reduce the rates of suicide, domestic violence, stalking, elder and child abuse, and bullying in a community.

Implementation: Sexual Assault Prevention and Response Program leads effort

Request for Resources: Requests 2 & 3

Recommendation 9

First responder training: Educate and train on how to be supportive and respond if someone reveals she/he was assaulted

Ensure that whether a student discloses to a resident advisor, professor or best friend, every person knows how to respond, provide support, and point the person in the direction of services. Training can be coordinated with *Recommendations 8 and 10*.

Implementation: Sexual Assault Prevention and Response Program leads effort (and coordinates with Recommendation 10 working group for staff and academic personnel training).

Request for Resources: Requests 2 & 3

Train staff and academic personnel on their reporting requirements

Certain employees of higher education have legally mandated reporting responsibilities relating to sexual assault, in addition to reporting obligations that may be required by the institution. All university employees – including staff, academic personnel, academic student employees, and student employees – should be informed of their legally-mandated and institutional reporting requirements. Health & Wellness has implemented a new initiative this year to provide Incident Response Training to a select number of targeted audiences, such as undergraduate academic advisers and staff in Intercollegiate Athletics. Expanded service provider capacity, endorsement and institutional support from university administration, as well as partnering with Human Resources and Academic Personnel, will enable this critical training to reach all staff and academic personnel.

Synergy:
Beyond Sexual Assault

Given the complexity of the varying reporting requirements for higher education employees, including under the Clery Act and the Abuse of Children Law, training on these requirements should be coordinated.

Implementation: Task Force creates working committee to create a funding, delivery and tracking plan for training. (Note: How employee training is funded, delivered and tracked across the University is a critical issue that extends beyond sexual assault.)

Request for Resources: Request 4; additional future need for training delivery and tracking technology may be identified.

Provide an investigation and disciplinary process appropriate for sexual assault

Recommendation 11

Transform the investigation and disciplinary process for sexual assault

Police investigations

The University of Washington Police Department (UWPD) is an accredited police force situated in Student Life. Their response to victims and work is in line with Task Force guiding principles; UWPD is widely respected as being sensitive to victims and knowledgeable about sexual assault. An important role within UWPD is the Victim Advocate, who has special training and expertise in providing legal advocacy and support to victims, as well as training to police officers. Services are provided to all three campuses. Review of UWPD roles and process in sexual assault prevention and response will be addressed through *Recommendation 1*.

Due to the distribution of UW students across three campuses and cities, students might interact with one of four different police jurisdictions, depending on where an incident occurs: UWPD for Seattle campus, Bothell Police Department for UW Bothell, Tacoma Police Department for UW Tacoma, or Seattle Police Department (SPD) for non-campus Seattle locations. Three of the four have no reporting relationship to UW, although Memorandums of Understandings (MOUs) are in place. Collaboration across jurisdictions ensures that UW knows about incidents involving its students and can provide support services and/or initiate a Student Conduct Code investigation, when appropriate, parallel to a police investigation. The excellent working relationship between UWPD and SPD is a model for UWPD and other jurisdictions.

Implementation: UWPD continues relationship-building with other jurisdictions

Request for Resources: None

Student Conduct Code investigations

Limited resources for investigation and adjudication, combined with a Student Conduct Code that has not been significantly updated for many years, result in a process that could be more transparent, prompt, and equitable. The Student Conduct Code should be reviewed and revised on a fast-track timeline to ensure timely and fair resolution of allegations of sexual assault (when the accused is a UW student). Issues to be addressed through this process include:

- Clear policy statement about sexual assault, including definitions of rape, sexual assault, consent, etc.
- Appropriate timeline for investigation, hearing, and resolution of appeals
- Latitude to be responsive to the needs and wishes of a victim/survivor throughout the process
- Appropriate training for everyone involved in the investigation and adjudication process, including judicial boards
- While balancing the due process rights of the accused, consider ability of the institution to proceed with adjudication:
 - regardless of status of any criminal investigation
 - when a victim is unwilling or unable to participate
- Involvement of attorneys in adjudication process
- Discipline that matches the severity of the charges, up to and including dismissal
- Clear articulation of rights of appeals that are offered, for both the victim and the accused
- Consideration of immunity policy for alcohol or drug use

In conjunction with revising the Code to align more closely with Title IX, the April 2011 Dear Colleague Letter from the Office for Civil Rights, and the institution's own commitment to an equitable and timely process, relevant policies, procedures, and educational materials should be updated.

Implementation: Task Force appoints working committee to hire and oversee temporary consultant to work with UW to complete Student Conduct Code and other policy revisions

Request for Resources: Request 1

Demonstrate compliance with all applicable federal and state laws, regulations and guidance

Recommendation 12

Ensure compliance with federal and state laws, regulations, and guidance related to prevention of and response to sexual assault

As a public institution of higher education and a recipient of federal funds, the University is subject to complex and potentially conflicting federal and state laws and regulations related to the prevention of and response to sexual violence. These include:

- Title IX of the Education Amendments Act and related regulations and agency guidance, including the April 2011 Dear Colleague Letter
- The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery), recently amended by the Violence Against Women Act and Campus SaVE Act
- Title VII of the Civil Rights Act of 1964
- Chapter 49.60 RCW – the Washington Law Against Discrimination
- Chapter 28B.110 RCW – Gender Equality in Higher Education
- Chapter 26.44 RCW – Abuse of Children Law

Recent guidance issued by the relevant regulatory agencies, including the April 2011 Dear Colleague Letter from the Office for Civil Rights, has provided institutions of higher education with unprecedented insight into these agencies' interpretation of the regulatory requirements. They also serve as a reminder of the serious consequences that can result from non-compliance, including audits, fines, and, ultimately, the risk of losing federal funding.

Given this heightened regulatory environment, the Task Force recommends that those who are responsible for implementing the recommendations in this report make every effort to achieve compliance with the relevant laws, regulations, and guidance, while developing policies, processes, and training that are operationally effective and advance the goals of this report.

Implementation: Title IX Coordinator leads collaborative effort with other service providers and/or committee members

Request for Resources: None

Generate data, metrics and reporting that
allow for sound decision making

Recommendation 13

Survey students on rates of sexual assault and awareness of campus resources

SARIS conducted a Safety Survey in April 2011 which provided a snapshot of the incidence of sexual assault (and other forms of relationship violence or harassment) among UW students, as well as students' awareness of resources. Sexual assault is underreported and the Safety Survey provides one avenue for obtaining important data regarding incidence. This survey should be continued and expanded to involve all three campuses and reach greater numbers of students.

Implementation: Sexual Assault Prevention and Response Program leads effort

Request for Resources: Requests 2 & 3

Recommendation 14

Gather, track, and assess information at an institutional level

The University receives reports of sexual assaults through a variety of offices, including service providers and academic departments. It is necessary for the University to have a method to identify and track the rates of incidents in a readily accessible and centralized way, in order to recognize, assess, and address patterns or systemic issues. Student confidentiality is and will continue to be protected in accordance with laws and best practices.

Implementation: Completion of Recommendation 1 will result in identification of the lead program for this collaborative effort

Request for Resources: Request 4; additional future need may be identified.

**Synergy:
Beyond Sexual Assault**

Reports of sexual harassment, stalking and other forms of relationship violence against students should also be tracked.

**Synergy:
Beyond Students**

While this report focuses on sexual assault of a student by a student, the same information is reported by and should be tracked for staff and academic personnel.

Recommendation 15

Evaluate program effectiveness regularly

All programs currently involved in addressing the issue of sexual assault on the UW campuses engage in program evaluation. However, a collaborative effort should be initiated to identify appropriate metrics, collect baseline data, and develop a program effectiveness assessment plan. Target audiences should include users of services, especially students, as well as other campus constituents. Program assessment should target all aspects of the university's approach: prevention, education, response, service utilization and attrition, and climate improvement.

Implementation: Future item; recommendations 1 and 14 must be completed and established first.

Request for Resources: Request 3

Establish policies and procedures that set direction,
clarify intent, and guide coordinated work

Recommendation 16

Revise the current Student Conduct Code sexual assault investigation and disciplinary policy and process

Please refer to **Student Conduct Code investigations** section in *Recommendation 11* for detail, implementation and request for resources.

Recommendation 17

Review, revise and ensure alignment of University policies that relate to sexual assault

Ensure that all definitions, policy and process relating to sexual assault are consistent across the institution. Specifically focus on Executive Order 31 (Non-discrimination and Affirmative Action).

Implementation: Title IX Coordinator leads collaborative effort with other service providers

Request for Resources: Request 1

***Synergy:
Beyond Students***

While this report focuses on sexual assault of a student by a student, related policies, such as Administrative Policy 46.3 (Resolution of Complaints Against University Employees) should be updated at the same time to ensure alignment with University goals.

Provide effective oversight and follow guiding principles
to ensure common direction

Recommendation 18

Provide effective oversight to guide strategic direction of Task Force recommendations

It is recommended that the Task Force be given the authority and accountability for ensuring that significant progress is made on the recommendations in this report within one year. To that end, the Task Force should continue to meet at least quarterly for the year November 2013 – November 2014.

At the end of the year, in November 2014, the Task Force will evaluate progress and make a recommendation for ongoing oversight and support for achievement of stated goals. Recommendations at that time may include transfer of ongoing oversight to an existing committee doing related work (e.g., Title IX Committee or the Violence Prevention Advisory Committee), or the extension of this Task Force for a second year.

Implementation: Task Force leads effort

Request for Resources: None

Request for Resources

Increased awareness of sexual assault and support services will lead to increased reporting, which will in turn result in increased demand for resources. The Task Force recommends that capacity be expanded in all facets of this work: prevention, support, investigation, response, and policy development. Although the University of Washington has a number of programs and professional staff dedicated to achieving the recommendations outlined in this report, additional resources are needed.

Request 1

Fund temporary consultant to complete Student Conduct Code and other UW policy revisions

A committee charged with updating the Student Conduct Code has been in place for over two years and has made progress on an overall revision of the current code. However, the committee has been sidetracked by the dramatic change in the regulatory environment since that project began, including the issuance of the April 2011 Dear Colleague Letter from the Office for Civil Rights. This changing regulatory environment complicates the relationship between the code and the Washington State Administrative Procedures Act (APA), which currently governs the Student Conduct process. A high level of analysis and expertise is needed to develop a code that effectively reconciles legal requirements, achieves the goals which prompted the committee's work, and exemplifies the UW's commitment to an effective and equitable response to reports of sexual assault. The Task Force has concluded that a short-term (1-2 years) consultant with specific experience in this area is needed to work with the University to develop a Student Conduct Code and review institutional policies.

Supports Recommendations: 11, 16, 17

Request 2

Fund core sexual assault service provider positions

A *team* of professionals specifically charged with implementing the Task Force recommendations and providing ongoing services is crucial to achieving success. The Task Force recommends funding two full-time, professional positions within a Sexual Assault Prevention and Response Program (expanded from what is currently SARIS): a Manager, and a Training and Education Coordinator. A Sexual Assault Investigator and Victim Advocate, housed in the appropriate offices, should also be funded. The scope of all positions could extend to all three campuses. Exact program name, position titles, and job descriptions to be developed.

Supports Recommendations: 1, 2, 4, 5, 6, 7, 8, 9

Sexual Assault Prevention and Response Program (currently SARIS)

Manager

Provide leadership for institution-wide sexual assault prevention and response work, including: ensuring implementation of many recommendations from this report; formalizing the collaborative relationships currently in place; enhancing communication and clarifying processes among service providers; and ensuring visible, accessible, and responsive services are available to all students.

This position could be an expansion of the existing SARIS Specialist position that currently exists in Health and Wellness.

Training and Education Coordinator

Develop and coordinate delivery of sexual assault prevention training and education to students, staff and faculty. This function could be expanded to include training and evidence-based prevention programs with a variety of coexisting, common campus concerns (e.g., suicide). See *Synergy: Beyond Sexual Assault* box under *Recommendation 5*.

This is a new position that could report to the Manager, Sexual Assault Prevention and Response Program.

Sexual Assault Investigator

Ensure the timely and sensitive completion of sexual misconduct investigations and adjudications. This function could also provide valuable experience and insights in advancing other Task Force recommendations, particularly those relating to response processes. In the future, with careful evaluation of caseload and capacity, the scope of this position could be expanded to include the investigation of any power-based violence, including stalking, domestic violence, or violence based on personal identity (religion, sexual orientation, etc.).

This is a new position that could report to the Community Standards and Student Conduct Office (CSSC) or the University Complaint Investigation and Resolution Office (UCIRO).

UWPD Victim Advocate

The UWPD currently has one full-time Victim Advocate whose duties include, but are not limited to, responding to and supporting student survivors of sexual assault. For students who choose to seek resolution through the legal system, this advocacy is critical.

This (currently unfunded) position exists and should remain in UWPD.

Request 3

Fund materials for training and outreach campaigns

Although most training and outreach work can be done effectively using staff resources, there is still a need for design and printing of hard documents and other materials. These include but are not limited to: public campaign posters, bystander awareness training materials, STOP sexual harassment brochures, and the safety survey.

Supports Recommendations: 5, 6, 7, 8, 9, 13, 15

Request 4

Provide project support staff

Resources for project management, web design, outreach and public information specialists, among others, will be necessary to ensure effective and timely implementation of recommendations.

Supports Recommendations: 1, 2, 7, 10, 14

Approval of these resource requests is an efficient way to ensure significant progress is made in achieving the recommendations in this report within one year. Each request supports a number of recommendations.

		Recommendations																		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
Requests	1																			
	2																			
	3																			
	4																			

Implementation and Timeline

This implementation plan and timeline rely on the approval of the **Request for Resources** (page 26).

Task Force It is recommended that the Task Force be given the authority and accountability for ensuring that significant progress is made on the recommendations in this report within one year. To that end, the Task Force should continue to meet at least quarterly for the year November 2013 – November 2014.

Implementation Each recommendation identifies which program will lead the implementation effort and be responsible for convening a team of appropriate people. The implementation of some recommendations will be led by the Task Force, which may create working committees. All work will be done collaboratively. The first task of each team will be to create a timeline and work plan. Quarterly updates on progress should be provided to the Task Force.

Timeline The Task Force has set a goal to see significant progress on the majority of recommendations in this report within one year, by November 2014. Regular status updates will be provided by the Task Force to the President. A one year status update from the Task Force to the President will be provided in October 2014.

Review The recommendations in this report are intended to jump start change. The resources and positions needs of today may differ from the needs in the future. The Task Force therefore recommends:

2 year review – In November 2015, review outcomes of changed policies, procedures, staffing, and resources to determine new or different needs.

10 year review – In 2023, reconvene a Task Force or audit/review team to evaluate the efficiency and effectiveness of new programs, policies and procedures implemented as a result of the recommendations in this report; and make recommendations for any changes that need to be made.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Actions Taken Under Delegated Authority

Pursuant to the Standing Orders of the Board of Regents delegation of authority, and to the delegation of authority from the President of the University to the Senior Vice President in Administrative Order No. 1, to take action for projects or contracts that exceed \$5,000,000 in value or cost but are less than \$15,000,000, the Administration may approve and execute all instruments.

REPORT OF ACTIONS TAKEN UNDER GENERAL DELEGATED AUTHORITY – CAPITAL PROJECT BUDGETS

None

REPORT OF ACTIONS TAKEN UNDER SPECIFIC DELEGATED AUTHORITY – CAPITAL PROJECT BUDGETS

1. wəłəbʔaltx^w (Intellectual House) Project No. 202070
Action Reported: Award Construction Contract

In June 2012, the Board of Regents approved delegation of authority to the President to award a construction contract for the wəłəbʔaltx^w (Intellectual House) project, subject to the scope, budget, and funding remaining within 10% of the established budget.

On February 21, 2014, under *Specific Delegated Authority*, the Capital Projects Office awarded a construction contract to Western Ventures Construction Company of Seattle, Washington, in the amount of \$3,019,000 for the wəłəbʔaltx^w (Intellectual House) project, Phase I. Six bids were received for this project; the highest bid was \$3,389,154. The budgeted construction cost was \$3,200,000.

Western Ventures Construction, Inc. has been in business as a general contractor since 1983. They have successfully completed over 200 projects for the University of Washington, completing work in various buildings on the Seattle campus, as well as the University of Washington Medical Center. Western Ventures Construction is well versed with University of Washington construction requirements and standards.

The name wəłəbʔaltx^w comes from the Lushootseed language (traditional language of the Puget Salish people) and is phonetically pronounced "wah shleb alt." The building vision is to be a contemporary interpretation of the longhouse-

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Actions Taken Under Delegated Authority (continued p. 2)

style traditions of the Salish people of the Pacific Northwest. Phase I will construct a multiservice learning and gathering space for Native American students, faculty, and staff, which will provide the opportunity for various cultures and communities to come together in a supportive and welcoming educational environment to share their knowledge and their cultures with one another.

This Project will construct Phase I (Gathering Building) of the wələbʔaltx^w (Intellectual House) project. The Gathering Building will encompass 8,340 gross square feet of space and include a large gathering hall, conference room, office, teaching/warming kitchen, and other related support spaces. The outdoor spaces include programmed gathering areas, outdoor cooking space, and educational gardens with native plantings that will be used in teaching indigenous science, art, and medicine.

The future planned Phase II is dependent upon private donor funds. Phase II will construct a one-story Teaching and Learning Building with student programming, multi-purpose meeting spaces, an arts lab and an elders lounge. This building will also be approximately 8,400 gross square feet. Site improvements between the buildings will complete the project.

Construction for Phase I began in March 2014. Construction is forecast to be complete in February 2015 for occupancy in March 2015.

Private donor funds combined with University Central matching funds and State funds are sufficient to initiate Phase I of the Intellectual House project. The Phase I project budget is \$5.853 million. It is estimated that Phase II will cost a similar amount to Phase I. Donor naming opportunities will comply with the previously submitted *Donor Naming Opportunities Plan*. No University debt funding will be used for this project.

Sources of Funds:

Departmental Funds (Minority Affairs)	\$ 45,000
State Appropriations (2009-2011)	\$ 300,000
State Appropriations – UW Building Fund (2011-2013)	\$2,700,000
Donor Funding	\$1,404,000
Central University Funding	<u>\$1,404,000</u>
Total	\$5,853,000

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Actions Taken Under Delegated Authority (continued p. 3)

Budget Summary	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$1,257,341	\$1,382,674
Total Construction Cost *	\$3,883,220	\$3,765,124
Other Costs	\$342,069	\$334,832
Project Administration	\$370,370	\$370,370
Total Project Budget	\$5,853,000	\$5,853,000

* Includes construction contract amount, contingencies and state sales tax

PREVIOUS ACTION

September 2009 House of Knowledge architect appointment approved
September 2010 House of Knowledge renamed wələbʔaltx^w (Intellectual House)
January 2011 Approve Donor Naming Opportunities Plan and Review the Pre-design Concept
June 2012 Approve Site, Project Budget, Funding and Delegate Authority to Award Construction Contract

2. UW Police Department Facility Project No. 203612 Action Reported: GC/CM Selection

In September 2013, the Board approved use of the Alternative Public Works General Contractor/Construction Manager (GC/CM) contracting method, and delegated authority to the President or his designee to award a GC/CM contract.

On February 19, 2014, under *Specific Delegated Authority*, the Capital Projects Office awarded a Preconstruction Services Agreement to BNBuilders, as the GC/CM after a selection process, which saw five firms submit qualifications, four firms were interviewed, and three firms selected to submit proposal for its Percent Fee and Specified General Conditions costs. The other finalists were Bayley Construction and Cornerstone Construction, both of Washington.

BNBuilders was established in year 2000 and has extensive experience in preconstruction and construction services using the GC/CM delivery model. Their past experience includes 23 GC/CM projects, 36 LEED certified projects, 30+ project at universities, and +100 projects in similar urban environment. The firm is also the GC/CM for UW Denny Hall.

Located in the growing and increasingly lively west campus and near a primary campus entrance, the site offers improved visibility and access to the police

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Actions Taken Under Delegated Authority (continued p. 4)

station. The approximately 29,000 square foot building is envisioned to be architecturally significant, with a program and features to support a modern and highly capable University Police Department for decades to come. The schematic design envisions three stories of police office use with surface parking for fleet vehicles. The program includes police offices, a dispatch and communications center, records, evidence room and lab, suspect processing, interview rooms, report taking rooms, non-secure juvenile waiting rooms, police locker and fitness rooms, community multipurpose meeting/training room, and fleet parking. The project is targeting LEED Silver Certification.

Design is forecast to be complete in March 2015 for construction to start in May 2015 for construction completion in June 2016 and occupancy July 2016.

The total project budget is \$19.5 million. The sources of funds are \$15.5 million from the WSDOT SR 520 mitigation payment and \$4.0 million from UW central funds.

Budget Summary	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$2,278,455	\$2,589,389
Total Construction Cost *	\$15,615,545	\$15,258,343
Other Costs	\$786,232	\$832,500
Project Administration	\$819,768	\$819,768
Total Project Budget	\$19,500,000	\$19,500,000

* Includes construction contract amount, contingencies and state sales tax

PREVIOUS ACTION

June 2011	Architect appointment approved
September 2013	Approved site, project budget, use of alternative public works, (GC/CM) contracting method, and delegated authority to award a construction contract.

VII. STANDING COMMITTEES**B. Finance and Asset Management Committee**Hill-Crest Endowment - Approve Expenditures of IncomeRECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve a plan for making expenditures from the Hill-Crest Endowment for the improvement and furnishing of the official residence of the University President.

BACKGROUND

In 1931, as a bequest from Maude Walker Ames and Edwin Ames, the University acquired an official residence for its president. Originally known as "Hill-Crest," this large three-story home was built in 1907 and requires substantial maintenance and occasional updating.

In 2005 Jim and Jackie Lee Houston and the Bill and Melinda Gates Foundation provided the University with funds for the immediate renovation of the residence. The Houstons also provided funds to establish a permanent endowment to provide support future improvements and the acquisition of furniture for the home.

Income from the Hill-Crest Endowment is to be used exclusively for future improvements and furnishings to the home, with the limitation that such funds may not be used to replace or repair personal property owned by the University President and his or her family.

The endowment also requires that the Board approved in advance all expenditures from the Hill-Crest Endowment. A plan for such expenditures is attached for Board review and approval.

REVIEW AND APPROVAL

The plan dated April 2, 2014 for expenditures from the Hill-Crest Endowment has been reviewed and recommended for approval by the Senior Vice President for Finance and Facilities.

Attachment

Expenditure Plan: Hill-Crest Endowment

EXPENDITURE PLAN: HILL-CREST ENDOWMENT (April 2, 2014)

A. Income and Balance Report

Average annual income from the Hill-Crest Endowment for the last five years is approximately \$37,567.

As of March, 2014, the balance of accumulated income available for expenditure was \$312,815.

B. Scope of Future Expenditures

Subject to available fund balances, the following levels and categories of expenditures are planned for 2014-2019.

1. Capital Improvements: Expenditures not to exceed 35% of the available balance will be made for capital improvements, including:

- a. Structure and Systems. Repair, maintenance, and prudent environmental and energy-saving upgrade of roofing, windows, plumbing, electrical, lighting, security, and similar items, as needed. The following planned project is representative:
 - Replacement of lighting in sun room.
- b. Finishes. Repair, maintenance, and renovation of paint, plaster, wallpaper, flooring, and similar interior and exterior finishes. At the present time, the following projects appear likely candidates for these expenditures, to the extent not covered by other UW Facilities sources:
 - Exterior repainting.
 - Organ landing ceiling repair.
 - Foyer wallpaper removal and painting.

2. Furnishings: Expenditures not to exceed 65% of the available balance will be made for repair, modification, and replacement of University-owned furnishing. The following planned projects are representative:

- a. Replacement of large area carpets.
- b. New patio furniture – 2 sets.
- c. Replacement glass for dining table.
- d. Modification of dining room table pedestals to level tables and fabrication of plywood table covers to add flexibility in table configuration.

VII. STANDING COMMITTEES**B. Finance and Asset Management Committee****2014 Audit Plans (KPMG and Peterson Sullivan)**

For information only.

Attachments

1. KPMG - University of Washington 2014 Audit Plan
2. Peterson Sullivan LLP - University of Washington, Metropolitan Tract Audit
3. Peterson Sullivan LLP - University of Washington, Commodore Duchess, Radford Court and Nordheim Court Audits
4. Peterson Sullivan LLP - University of Washington, Audit of Student Facilities Fees – Seattle Campus



cutting through complexity

Higher Education

University of Washington

2014 Audit Plan

kpmg.com

PACCAR HALL

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I. Executive Summary

Scope of Audit

We will audit the statements of net position of the University of Washington (the University) as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit, however we will not express any opinion on the effectiveness of internal controls over financial reporting.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion.

Additionally, we will report separately on our audits for the UW Medical Center, Intercollegiate Athletics, Commuter Services, Internal Lending Program, and Housing and Dining. We also issue reports on many of the audits of component units, including the discretely presented component units of UW Medicine/Northwest and Valley Medical Center. See page 5 for those reports.

Coordination with Other Auditors

We will coordinate and rely on audit testwork performed by the following other auditors: Peterson Sullivan, Shallo, Galluscio, Bianchi and Fucito, the Washington State Auditor's Office, and the University's Internal Audit Department as considered necessary.

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.

Tentative Timetables

Our timetable is expected to be similar to that of the previous year. We will coordinate with the Office of Financial Management and Internal Audit for a more detailed schedule of events and prepare an outline of specific data requirements, timelines, and individuals responsible.

Responsibilities of Management and KPMG

Responsibilities of Management

- Adopting sound accounting policies
- Fairly presenting the financial statements in conformity with generally accepted accounting principles
- Establishing and maintaining effective internal control over financial reporting (ICFR)
- Identifying and confirming that the Company complies with laws and regulations applicable to its activities
- Making all financial records and related information available to the auditor
- Providing the auditor with a letter confirming certain representations made during the audit that includes, but are not limited to, management's:
 - Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of ICFR that could adversely affect the Company's ability to initiate, authorize, record, process, or report financial data
 - Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud

The Board is responsible for:

- Oversight of the financial reporting process and oversight of ICFR

Management and the Board are responsible for:

- Establishing and maintaining internal controls to prevent, deter, and detect fraud
- Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards
- The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Responsibilities of KPMG

- Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles
- Evaluating whether the Company's controls sufficiently address:
 - a) Identified risks of material misstatement due to fraud
 - b) The risk of management override of other controls
- Communicating to the Board in writing all significant deficiencies and material weaknesses in internal control identified in the audit and reporting to management deficiencies that, in our professional judgment, are of sufficient importance to merit management's attention
- Conducting our audit in accordance with professional standards
- Complying with the rules and regulations of the Code of Professional Conduct of the AICPA, and the ethical standards of relevant CPA societies and relevant state boards of accountancy
- Planning and performing our audit with an attitude of professional skepticism
- Communicating all required information, including significant matters, to management and the Board

KPMG Quality Control Procedures

- Annual concurring partner review process
- Internal Quality Performance Review
- Internal in-depth reviews every five years associated with debt financings
- PCAOB/External Peer Review – PriceWaterhouse

II. Financial Reporting Entity

The financial statements of the University of Washington consist of (a) the University of Washington, (b) organizations for which the University is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete if excluded.

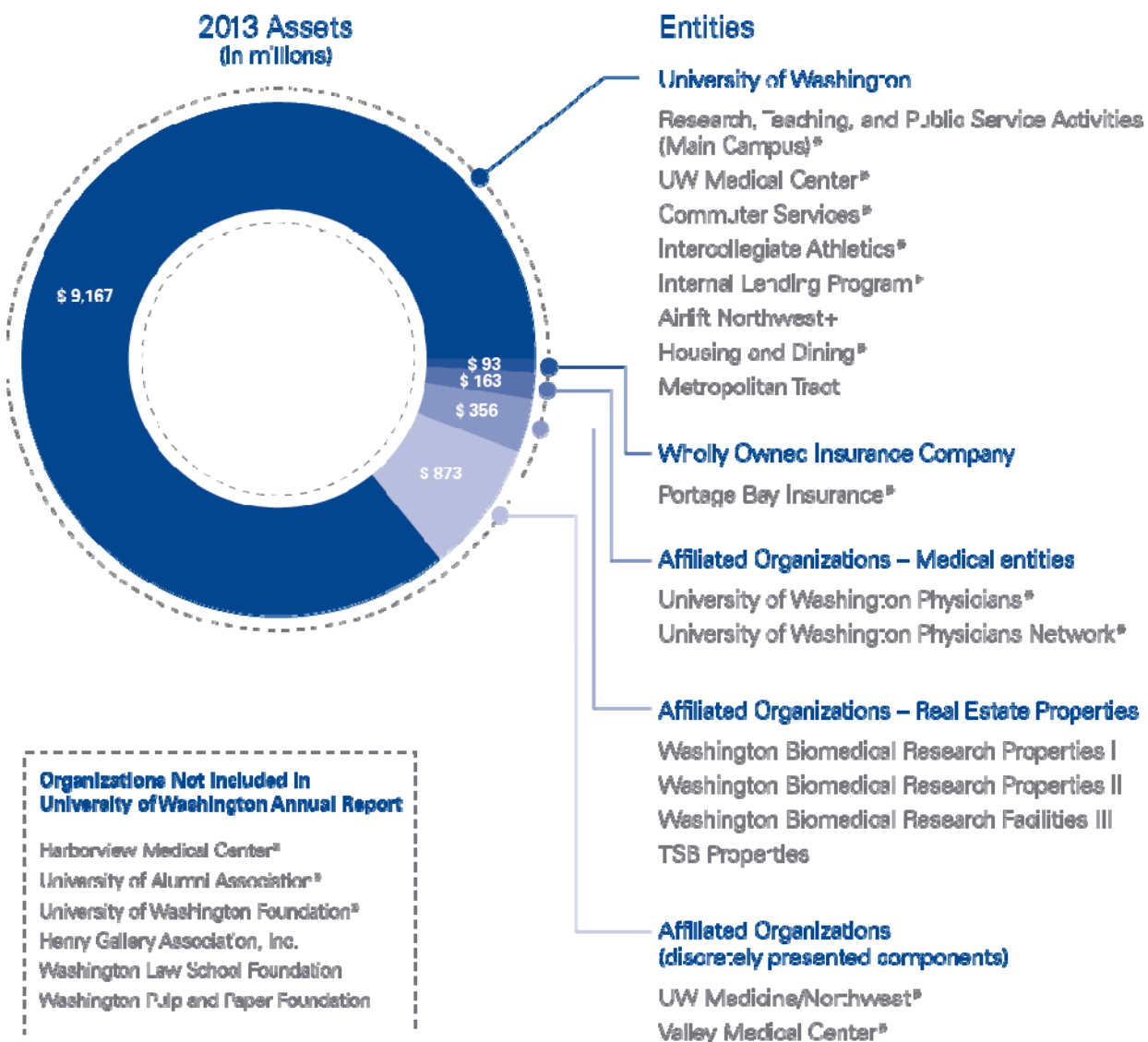
The definition of the reporting entity is based primarily on the notion of financial accountability as defined by Governmental Accounting Standards Board (GASB). An entity is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the entity. An entity may also be financially accountable for governmental organizations that are fiscally dependent on it.

An entity has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the entity (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

II. Financial Reporting Entity (continued)

The following illustration depicts the entities included in the University of Washington Annual Report.

University of Washington Financial Report Financial Statements



* Audited by KPMG LLP (KPMG).

† UW is currently evaluating the nature of the service to be provided by KPMG for this entity.

III. Scope of Our Audits

University Financial Report

We will audit the statements of net position of the University as of June 30, 2014 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America U.S. GAAP. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In planning and performing our audit of the financial statements, we consider internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. If, however, during our audit, we note matters involving internal control and other operational matters, they will be presented for your consideration. These comments and recommendations, all of which will be discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.

This audit meets the needs of the Board of Regents and the administration to manage the University and assist in meeting the University's financial reporting requirements as a public agency and the State of Washington.

University of Washington Medical Center

We will audit the financial statements of the University of Washington Medical Center as of June 30, 2014. We will conduct our audit in accordance with U.S. GAAP. We will provide an audit report on the UW Medical Center and will use our audit as support in our overall opinion on the University.

III. Scope of Our Audits (continued)

In addition to issuing an opinion on the consolidated financial statement of the University of Washington we will also issue reports on the following departmental financial statements:

Intercollegiate Athletics (ICA)

An audit of the ICA will be performed for the year ended June 30, 2014. We will conduct our audit in accordance with U.S. GAAP.

We will be performing required agreed-upon procedures to meet the requirements of the National Collegiate Athletic Association (NCAA).

Commuter Services

An audit of the Commuter Services department will be performed for the year ended June 30, 2014. We will conduct our audit in accordance with U.S. GAAP.

Internal Lending Program

An audit of the Internal Lending Program will be performed for the year ended June 30, 2014. We will conduct our audit in accordance with U.S. GAAP.

Housing and Dining

An audit of the Housing and Dining department will be performed for the year ended June 30, 2014. We will conduct our audit in accordance with U.S. GAAP.

Airlift Northwest

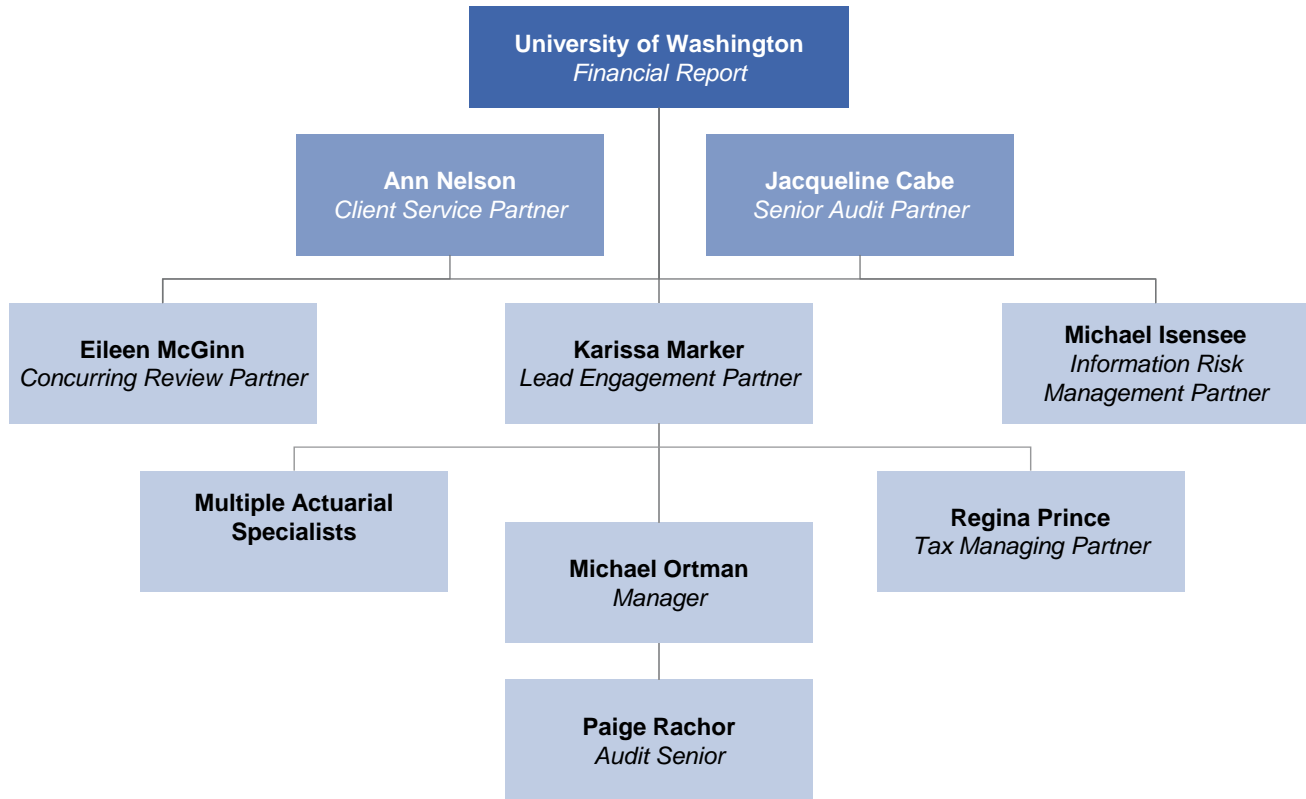
The UW is currently evaluating the service to be provided by KPMG for this entity.

Affiliated Organizations

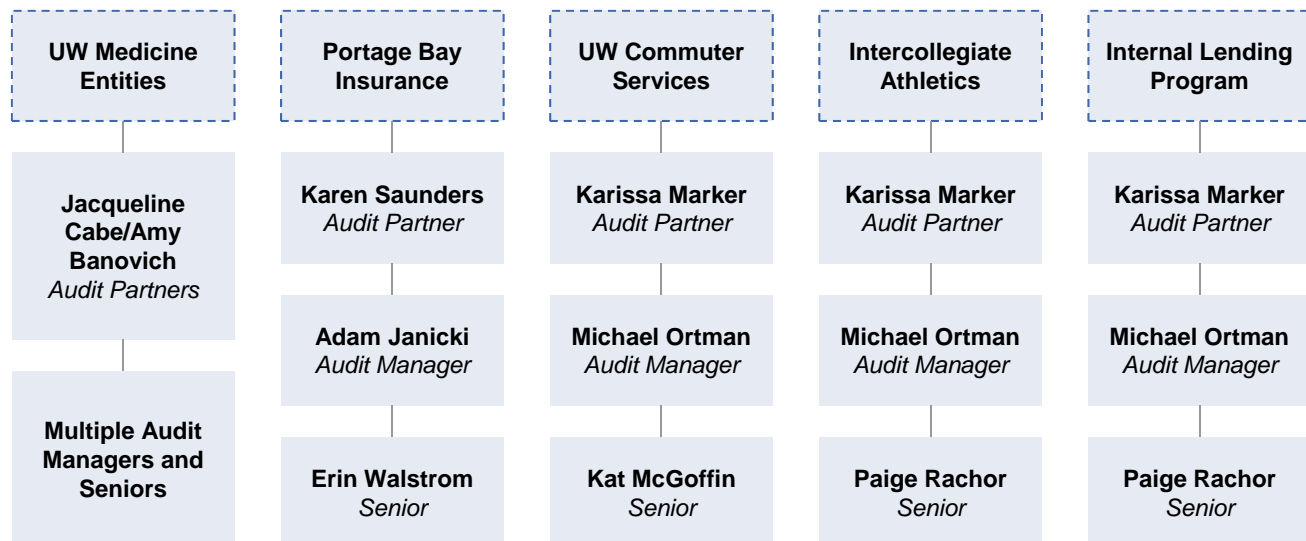
As shown in the table on page 5 there are several other organizations that we perform audits over as well. We refer to these as the Affiliated Organizations. Some of these entities are considered component units of the University and are either shown blended or discretely in a separate column of the financial statements. While others are not included at all in the financial report of the University of Washington.

An audit of each of the following affiliated organizations will be performed for the year ended June 30, 2014: Portage Bay Insurance, University of Washington Physicians, University of Washington Physicians Network, University of Washington Alumni Association, UW Medicine/Northwest, Harborview Medical Center, Valley Medical Center, and University of Washington Foundation. We will conduct our audits in accordance with U.S. GAAP.

IV. KPMG LLP (KPMG) Team Overview



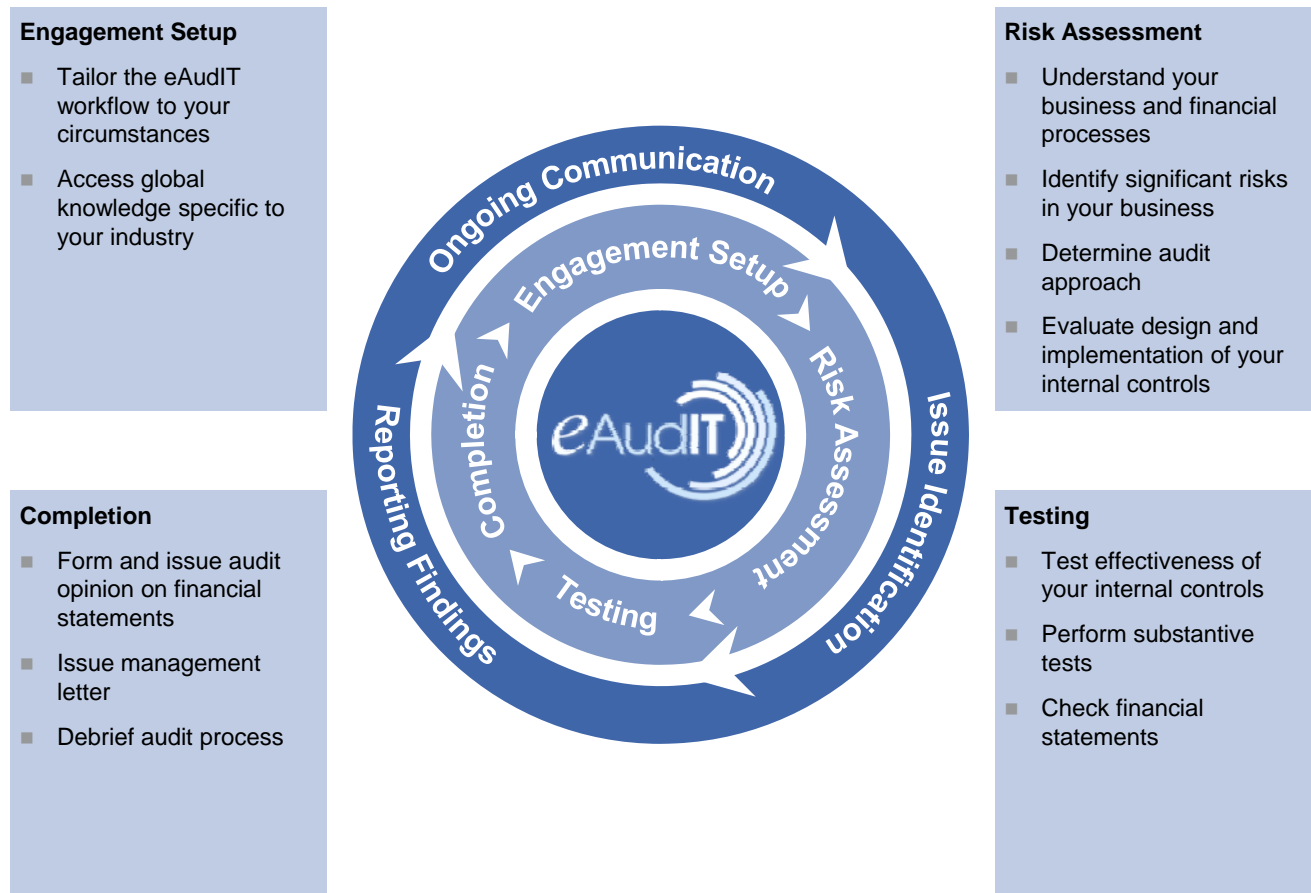
Individual Department and Auxiliary Audits:



V. KPMG Audit Process

We apply our audit process through our four-step audit approach. Each step allows us to identify more clearly the University's business risks, and hence our audit risks, and to focus our audit approach on the risks of material misstatements in the financial statements.

An overview of KPMG's standard four-step audit approach follows:



IT General Controls

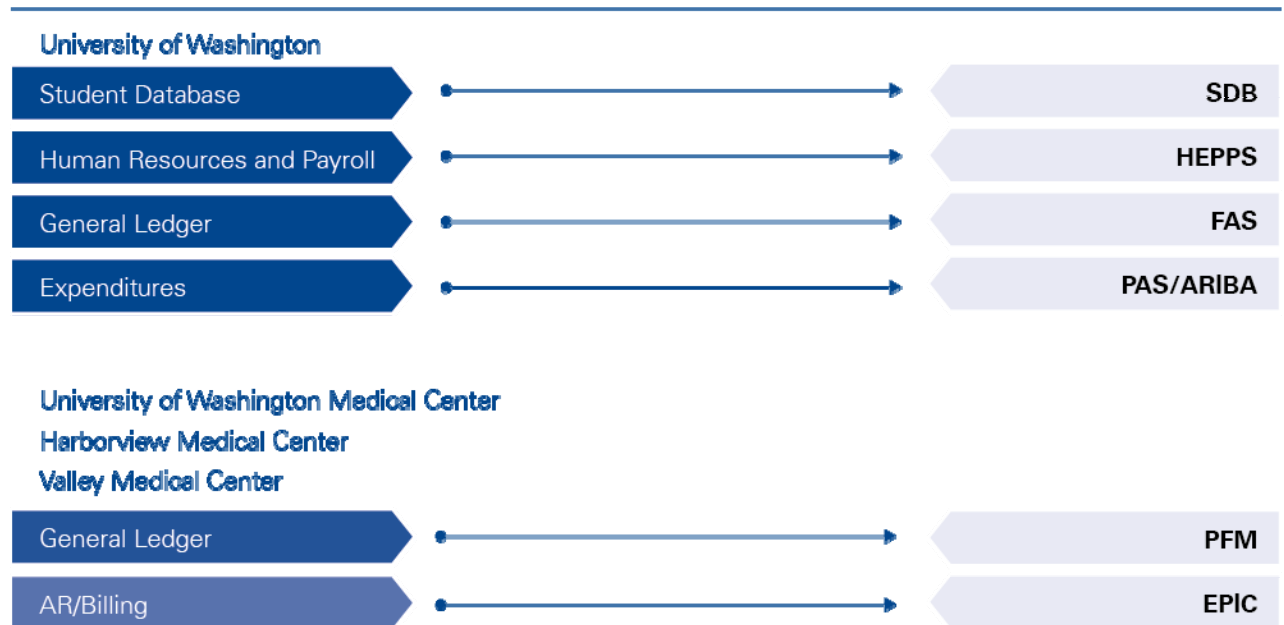
Throughout the audit phases outlined above, KPMG will be testing IT General Controls in Access to Programs and Data, Program Change, Program Development, Computer Operations, and End-User Computing. In addition, when applicable, KPMG will also test IT application controls in the areas of; application access (segregation of duties), key reports, key calculations, and interfaces (to ensure completeness and accuracy of data transfer).

V. KPMG Audit Process (continued)

In Scope Applications

Audit program, and relevant audit objective references

Application Name



V. KPMG Audit Process (continued)

Overview of Audit Procedures

Statement of Financial Position as of June 30, 2013

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> ■ Cash and Investments ■ (\$4.2 billion) 	<ul style="list-style-type: none"> ■ Accounting for and control over cash and investments focused on the completeness, existence, accuracy, and valuation. 	<ul style="list-style-type: none"> ■ Test account reconciliations ■ Confirm key cash and investment balances ■ Procedures in accordance with the AICPA practice aid to test the existence and valuation of investments with special emphasis on alternative Investments, subprime, derivatives, and other hard-to-value investments
<ul style="list-style-type: none"> ■ Accounts Receivable – Patient Services ■ (\$285 million) 	<ul style="list-style-type: none"> ■ Existence of receivables ■ Reasonableness of contractual and bad debt allowances ■ Collectibility of receivables 	<ul style="list-style-type: none"> ■ Substantive audit and controls procedures to test reasonableness of accounts receivable, contractual allowance, and bad debt reserves ■ Understand any changes in reserve methodology ■ Accounts receivable testing for existence of account balances ■ Test account reconciliation
<ul style="list-style-type: none"> ■ Accounts Receivable – Grants and Contracts ■ (\$189 million) 	<ul style="list-style-type: none"> ■ Existence of receivables ■ Accuracy of receivables ■ Collectibility of receivables 	<ul style="list-style-type: none"> ■ Evaluate internal controls ■ Select a sample and agree to underlying contracts. ■ Assess the validity and collectibility of billed and unbilled receivables.
<ul style="list-style-type: none"> ■ MetroTract ■ (\$112 million) 	<ul style="list-style-type: none"> ■ Proper recording of net position of MetroTract 	<ul style="list-style-type: none"> ■ Obtain and review the audit report of Peterson & Sullivan
<ul style="list-style-type: none"> ■ Capital Assets, net ■ (\$4.0 billion) 	<ul style="list-style-type: none"> ■ Proper capitalization and classification of assets ■ Appropriate depreciation/amortization 	<ul style="list-style-type: none"> ■ Review a reconciliation of capital asset activity ■ Test and evaluate internal controls over capital asset additions ■ Test a sample of significant additions and retirements by examining supporting documentation. ■ Test the reasonableness of useful lives of sampled additions.

V. KPMG Audit Process (continued)

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> ■ Accounts Payable and Accrued Liabilities ■ (\$455 million) 	<ul style="list-style-type: none"> ■ Recognition of transaction in proper accounting period ■ Accuracy of amounts recorded and assessment of management's estimates 	<ul style="list-style-type: none"> ■ Perform review of management's liability estimation method. ■ Review reasonableness and test the underlying data of the Triangle Accrual ■ Review reasonableness of balances compared to expectations
<ul style="list-style-type: none"> ■ Self Insurance Reserve ■ (\$80 million) 	<ul style="list-style-type: none"> ■ Valuation of management's estimates for legal liabilities 	<ul style="list-style-type: none"> ■ Obtain and review actuarial calculation ■ Test the underlying data of the actuarial calculation
<ul style="list-style-type: none"> ■ Long-term liabilities ■ (\$2.2 billion) 	<ul style="list-style-type: none"> ■ Proper classification ■ Compliance with financial covenants 	<ul style="list-style-type: none"> ■ Confirm balances ■ Test disclosure and classification ■ Test financial covenants
<ul style="list-style-type: none"> ■ Net Position ■ (\$6.2 billion) 	<ul style="list-style-type: none"> ■ Proper classification of restrictions 	<ul style="list-style-type: none"> ■ Review reasonableness of balances and net position calculations

Statement of Revenues, Expenses, and Changes in Net Position for the year ending June 30, 2013

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> ■ Student tuition and fees ■ (\$808 million) 	<ul style="list-style-type: none"> ■ Accounting for and controls over the tuition cycle ■ Proper accounting for scholarship allowances 	<ul style="list-style-type: none"> ■ Review reasonableness of balances compared to expectation on a per student basis ■ Test and evaluate internal controls
<ul style="list-style-type: none"> ■ Patient services ■ (\$1.2 billion) 	<ul style="list-style-type: none"> ■ Proper recording of revenues ■ Proper cut-off of revenue between periods ■ Accuracy of recording of contractual deductions and bad debts from as deductions from revenue ■ Proper recording of charity care amounts in accordance with charity care policy 	<ul style="list-style-type: none"> ■ Charge capture testing for appropriate capture of revenues at set charge master rates ■ Revenue cut-off testing for appropriate revenue recognition ■ Test and evaluate internal controls
<ul style="list-style-type: none"> ■ Grants and Contracts revenue ■ (\$1.3 billion) 	<ul style="list-style-type: none"> ■ Proper recording of revenues and collections ■ Accuracy of account balances 	<ul style="list-style-type: none"> ■ Test and evaluate internal controls ■ Test accuracy and eligibility of sampled expenditures that drive revenue recognition

V. KPMG Audit Process (continued)

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> ■ Auxiliary Enterprise revenue ■ (\$184 million) 	<ul style="list-style-type: none"> ■ Proper consolidation of entities 	<ul style="list-style-type: none"> ■ Obtain and review departmental and component unit statements for proper inclusion in the financial statements
<ul style="list-style-type: none"> ■ Salaries and Benefits ■ (\$2.5 billion) 	<ul style="list-style-type: none"> ■ Recognized in proper accounting period ■ Accuracy of amounts recorded 	<ul style="list-style-type: none"> ■ Perform analytical procedures over salaries and benefits and compare actual results to expectations ■ Review reasonableness of balances compared to expectation
<ul style="list-style-type: none"> ■ State Appropriations ■ (\$218 million) 	<ul style="list-style-type: none"> ■ Accuracy of amounts recorded 	<ul style="list-style-type: none"> ■ Vouch state appropriations to cash receipts
<ul style="list-style-type: none"> ■ Investment gain ■ (\$341 million) 	<ul style="list-style-type: none"> ■ Accuracy of amounts recorded 	<ul style="list-style-type: none"> ■ Confirmation of amounts with the custodian ■ Obtain and review the SOC1 internal control report provided by the service organization.

Coordination with Other Auditors

When necessary we will coordinate with the following other auditors.

Auditor	Item
Peterson Sullivan	Audit of Metro Tract
Washington State Auditor's Office	Audit of University of Washington Annual Report
University of Washington Internal Audit	Various
Shallo, Galluscio, Bianchi and Fucito	Audit of Various Real Estate Component Units

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.

Utilization of Internal Audit

KPMG will utilize the staffing resources of University of Washington Internal Audit to reduce related audit fees. This is the fourth year we will work with internal audit in a direct assist role as they perform some of the external audit procedures on the audit of the University of Washington Financial Report.

VI. New Accounting Pronouncements

Summary of Statement No. 65, Items Previously Reported as Assets and Liabilities

The requirements of this Statement are effective for periods beginning after December 15, 2012, or UW's FY '14

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Summary of Statement No. 68, Financial Reporting for Pensions – an amendment of GASB No. 27

The requirements of this Statement are effective for periods beginning after June 15, 2014, or UW's FY '15

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Summary of Statement No. 69, Government Combinations and Disposals of Government Operations

The requirements of this Statement are effective for periods beginning after December 15, 2013, or UW's FY '15

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Summary of Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees

The requirements of this Statement are effective for periods beginning after June 15, 2013, or UW's FY '14

This primary objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

Summary of Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68

The requirements of this Statement should be applied simultaneously with the provisions of Statement 68, which is effective for periods beginning after June 15, 2014, or UW's FY '15

This primary objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

We are working with management to understand these requirements and their application in the University's financial statements for this fiscal year.

VII. Tentative Timetable

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Initial planning meetings		●	●	●								
Present audit plan to board of regents' finance and audit committee				●								
Planning meetings with University of Washington finance department				●								
Interim fieldwork				●	●							
Final fieldwork							●	●	●	●		
Financial statements Preparation and reporting									●	●		
Presentation of financial statement and management letter to board of regents' finance and audit committee												●

We will coordinate with the controller's office a more detailed schedule of events, which outlines specific data requirements, timelines, and individuals responsible for each will be prepared.

VIII. Contact Information

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cutting through complexity

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Peterson Sullivan LLP
University of Washington Metropolitan Tract Audit
For the Year Ending June 30, 2014

The following is a summary of the services we will provide for the **University of Washington Metropolitan Tract** for 2014. Our general audit plans and related timelines are also included.

SUMMARY OF SERVICES TO BE PROVIDED

We will perform the following audit services:

- **Metropolitan Tract:** The audit of the Metropolitan Tract represents the majority of the audit work we perform. It incorporates all of the properties within the Metro Tract (including the Rainier Tower).
- **Fairmont Olympic Hotel:** We audit the schedule of gross rental income and percentage rent, including amounts due to the University. We also perform various tests associated with lease compliance. These procedures are performed for the year ended December 31, 2013.
- **Unico Properties:** We audit the schedule of gross rental income and percentage rent, including amounts due to the University. Again, we perform various tests associated with lease compliance. These procedures are performed for the year ended December 31, 2013.

SUMMARY OF AUDIT PLANS

Metropolitan Tract

We focus our audit procedures in the areas deemed to be the highest risk. At the Metropolitan Tract, we have determined that cash, accounts receivable from Unico, and the rental revenue stream (including lease compliance) represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk.

Specifically, areas of audit focus will also include:

- Effects of the Master Lease expiration in October 2014.
- Effects of the redevelopment at Rainier Square.
- Effects of the anticipated purchase of the Cobb Building improvements.
- Effects of the Palomar Garage asset transfer.

We will also keep in mind the effects of the local economy (especially real estate and hospitality) on the Metropolitan Tract.

New accounting rules effective this year will require certain deferred commissions (currently amortized over the lease term) to be written off as incurred. Prior period financial statements will be restated for this change, so the effect on current operations should not be significant.

We will follow up on our internal control recommendations from last year, and will search for any new recommendations. Our audit procedures will incorporate testing for fraudulent financial reporting, and will be designed to look for material instances of asset misappropriation.

Fairmont Olympic Hotel

The financial results of the Fairmont Olympic Hotel are included in the Metropolitan Tract financial statements. We also audit the financial results related to the revenue and percentage rentals on a stand-alone basis. We focus our audit procedures on the Fairmont because the rent paid to the University is a percentage of hotel revenue. We test revenue recognition, completeness of reported revenue, and proper classification and presentation of revenue. In addition, we will perform certain agreed-upon procedures related to the Fairmont activity. These procedures include, but are not limited to, testing to ensure that the Fairmont classifies revenue properly in accordance with the lease, and testing to see that capital expenditures meet certain requirements.

We know the University has settled arbitration with the owners of the Fairmont (for not maintaining the hotel at a level that is considered to be a luxury hotel). Our procedures will incorporate testing to determine compliance with the settlement.

Unico Properties, Inc.

The financial results of the Unico Properties are also included in the Metropolitan Tract financial statements. We audit this activity and also audit the financial results related to the gross rental income and percentage rentals on a stand-alone basis. We focus our audit procedures on revenue recognition and revenue classification between commercial space and office space. We will also select applicable tenants and test the calculation of percentage rents. In addition, we will perform certain agreed-upon procedures to lease compliance. These procedures include, but are not limited to, lease compliance with repair and maintenance requirement levels, and adequacy of rental collection processes. We are cognizant that there may be a possible declining motivation at Unico to be fully compliant with the lease as the current lease expiration is near.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Procedures related to the Unico activity begin mid June 2014.
- Procedures related to the Fairmont begin mid July 2014.
- The Metropolitan Tract audit begins during the second week of August 2014.
- Reports for Fairmont and Unico are prepared for the year ended December 31, 2013, and will be issued by August 31, 2014, or sooner.
- Reports for the Metropolitan Tract are prepared for the year ending June 30, 2014, and will be issued by September 15, 2014, or sooner (deadline is October 7, 2014).

Peterson Sullivan LLP
University of Washington
Commodore Duchess, Radford Court, and Nordheim Court Audits
For the Year Ending June 30, 2014

The following is a summary of the services we will provide for the **Commodore Duchess Apartments, Radford Court Apartments, and Nordheim Court Apartments** for 2014. Our general audit plans and related timelines are also included.

SUMMARY OF SERVICES TO BE PROVIDED

We will audit the financial statements of the *Commodore Duchess Apartments, the Radford Court Apartments, and the Nordheim Court Apartments*. Three years ago, the management of the properties was returned to the University for the Commodore Duchess Apartments and the Radford Court Apartments. Then two years ago, management of the Nordheim Court Apartments was returned. We audit the result of these rental properties for the year ending June 30, 2014, and the financial statements will be comparative with the prior year.

The operations for these properties are presented in a combined financial statement (with supplementary combining information). All of the above properties were managed by the Real Estate Office of the University. A third party management company provides on-site management of the properties.

SUMMARY OF AUDIT PLANS

As noted above, we will audit each property separately; however, the basic financial statements of these properties are presented on a combined basis with the combining statement of assets, liabilities, and net assets and the combining statement of revenue, expenses, and changes in net assets as supplementary information. Also, as mentioned above, for the year ending June 30, 2014, the financial statements will be comparative as the results of Nordheim will be under UW management for both the years ending June 30, 2013 and 2014.

We focus our audit procedures in the areas deemed to be the highest risk. For these properties, we have determined that rental revenue represents the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. Additionally, the properties have an agreement with the UW Real Estate Office and UW Housing Food Services requiring them to pay administration fees to the UW Real Estate Office and make an annual distribution to UW Housing Food Services. We will review the calculation of these amounts and ensure that they are properly calculated and recorded.

New accounting rules effective this year will require certain deferred commissions (currently amortized over the lease term) to be written off as incurred. Prior period financial statements will be restated for this change, so the effect on current operations should not be significant.

Instances of fraud (if any) will be communicated to the appropriate governing body.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- The audits will be performed in mid to late July 2014.
- The audit will be issued by late August 2014.

**Peterson Sullivan LLP
University of Washington
Audit of Student Facilities Fees – Seattle Campus
For the Year Ending June 30, 2014**

The following is a summary of the services we will provide for the **University of Washington Departments Student Facilities Fees – Seattle Campus** for 2014. Our general audit plan and related timeline is also included.

SUMMARY OF SERVICES TO BE PROVIDED

We perform an audit of the financial statements for the Student Facilities Fees - Seattle Campus for the fiscal year ending June 30, 2014. The statements include the statement of cash receipts, cash disbursements, and changes in cash balance.

SUMMARY OF AUDIT PLAN

Cash activity (collections and payments) represent the most significant audit risk. Student facilities fees are used to service outstanding debt, and help fund the health center, recreational sports, childcare programs, the ASUW, and other student activities. The audit is done on the cash basis of accounting.

We did not note any material weaknesses during our financial statement audit for the year ended June 30, 2013, but noted a significant deficiency related to the period-end close process. We will follow up on this internal control issue this year and will search for other potential internal control improvements.

AUDIT TIMELINE

Our audit procedures are expected to take place in late August 2014.

The audit will be issued in September 2014.

VII. STANDING COMMITTEES**B. Finance and Asset Management Committee****Rainier Square - Approve Ground Leases and Development Agreement and Delegate Execution of Documents****RECOMMENDED ACTION**

It is the recommendation of the administration, the Advisory Committee on Real Estate, and the Finance and Asset Management Committee that the Board of Regents:

1. Approve two eighty year Ground Leases, a Pre-Development Agreement, and related documents for the re-development of the Rainier Square site on the Metropolitan Tract, providing for demolition of the existing Rainier Square improvements (specifically not including demolition of Rainier Tower), and construction of a 1,150,000 square foot mixed-use development project; and
2. Delegate to the President the authority to execute all documents related to this transaction.

BACKGROUND

The University will reacquire full control of the majority of the ten-acre Metropolitan Tract (excluding the Olympic Hotel and garage sites) at the expiration of the Unico Properties Ground Lease on October 31, 2014. The administration intends to create additional value to the University through the management of existing assets and the re-development of selected sites. The Rainier Square site was identified as an opportunity to re-develop and maximize value at this premier and underutilized city center location.

The developer for this project will be WRC Fourth Avenue LLC, a Washington limited liability company that is a subsidiary of Wright Runstad & Company. The completed development will be an asset for the University and for the city as a whole. It will bring vibrant density with at-street destination retail activity, highly desirable residential and hotel units, and world-class office space. Located at the heart of the city and supported by multiple transportation options, this iconic development will enhance and sustain the value of the Metropolitan Tract as well as the surrounding center of the downtown commercial core.

PROPERTY DESCRIPTION

The Rainier block is located in the north central portion of the Metropolitan Tract. It is bounded by University Street to the south, Union Street to the north, 4th

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Rainier Square - Approve Ground Leases and Development Agreement and Delegate Execution of Documents (continued p. 2)

Avenue to the west, and 5th Avenue to the east. The Rainier Square Development site totals 66,040 square feet of land and includes everything north and west of Rainier Tower, and specifically does not include Rainier Tower. The subject site will be leased as an air-rights condominium unit that sits within the Redevelopment Parcel. (*Attachment 1*)

PROPOSED DEVELOPMENT

The proposed project is a mixed-use development totaling approximately 1,150,000 square feet situated in a 50-story (795') tower (Tower) and a separate but connected 15-story hotel (Hotel). The elements will include: approximately 750,000 square feet of office; 170,000 square feet (182 units) of high rise residential apartments; 30,000 square feet of street level retail; a 200,000 square foot (198 room) luxury hotel; and a 1,200 car parking garage. (*Attachment 2*)

TRANSACTION STRUCTURE

There are six documents that define the financial and legal obligations of this transaction. The financial terms are contained in the three primary documents, the Pre-Development Agreement, the Tower Ground Lease and the Hotel Ground Leases (collectively, the "Ground Leases"). (*Attachment 3*)

PROJECT SCHEDULE

- 2014 – University approval, documentation, and developer due diligence
- 2015-16 – Design and entitlement
- 2017 – Early construction start (target)
- 2020 – Early construction completion (target)
- 2021 – Late construction start (deadline)
- 2024 – Late construction completion (deadline)

RISKS AND MITIGATIONS

Cash Flow. Near term cash flow for current income from Rainier Square is guaranteed by the developer. Required payments for Pre-Development Agreement extensions will provide additional near-term income. Upon commencement of the Ground Lease and construction, minimum rent payments will begin, with additional revenue sharing provisions starting during lease-up. Projected stabilized University income is approximately \$4,000,000/year (current income is \$1,500,000/year).

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Rainier Square - Approve Ground Leases and Development Agreement and Delegate Execution of Documents (continued p. 3)

Project Entitlement. In the event that the developer does not secure a Master Use Permit (MUP) within the first three years, the University will retain all or a portion of the \$2,500,000 deposit. If the developer has not submitted Design Development Drawings (DDs) within the first three years, then the developer cannot exercise the second extension option and the Pre-Development Agreement terminates. If the developer has not submitted Construction Drawings (CDs) within the first five years, then the developer cannot exercise the fourth and final extension option and the Agreement terminates. The developer cannot execute the Ground Lease without a fully entitled and financed project. In the event of termination the University retains all drawings and entitlements.

Construction. To reduce exposure to construction issues and to assure completion, the University has required a payment and performance bond for the shell and core structure of the Tower. Tenant Improvements are not covered under the bonding and will be constructed as the Tower is leased. The full Hotel construction will be covered by bonds.

Environmental. The Ground Leases cover risks by limiting the developer's use of hazardous substances; requiring the developer to indemnify the University for environmental claims; and releasing the University from liability to the developer for hazardous substances that may already exist on the property or that may migrate from other properties unless there is third party insurance to cover the liability.

Insurance. The insurance provisions in the various documents have been reviewed with UW Risk Management and are consistent with the insurance plan for the Metropolitan Tract.

Dispute Resolution. Certain specific disputes such as design review during the permitting process and audits of developer's adjusted gross income will be resolved through an alternative dispute resolution process. Other disputes such as a default by the developer in paying the Ground Lease rent will be resolved through litigation, which offers a broader scope of remedies and better tools for regaining control of the property if there is a serious lapse in performance by the developer.

REVIEW AND APPROVAL

The terms of the Ground Leases, Pre-Development Agreement and related documents have been reviewed and recommended for approval by the Chief Real

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

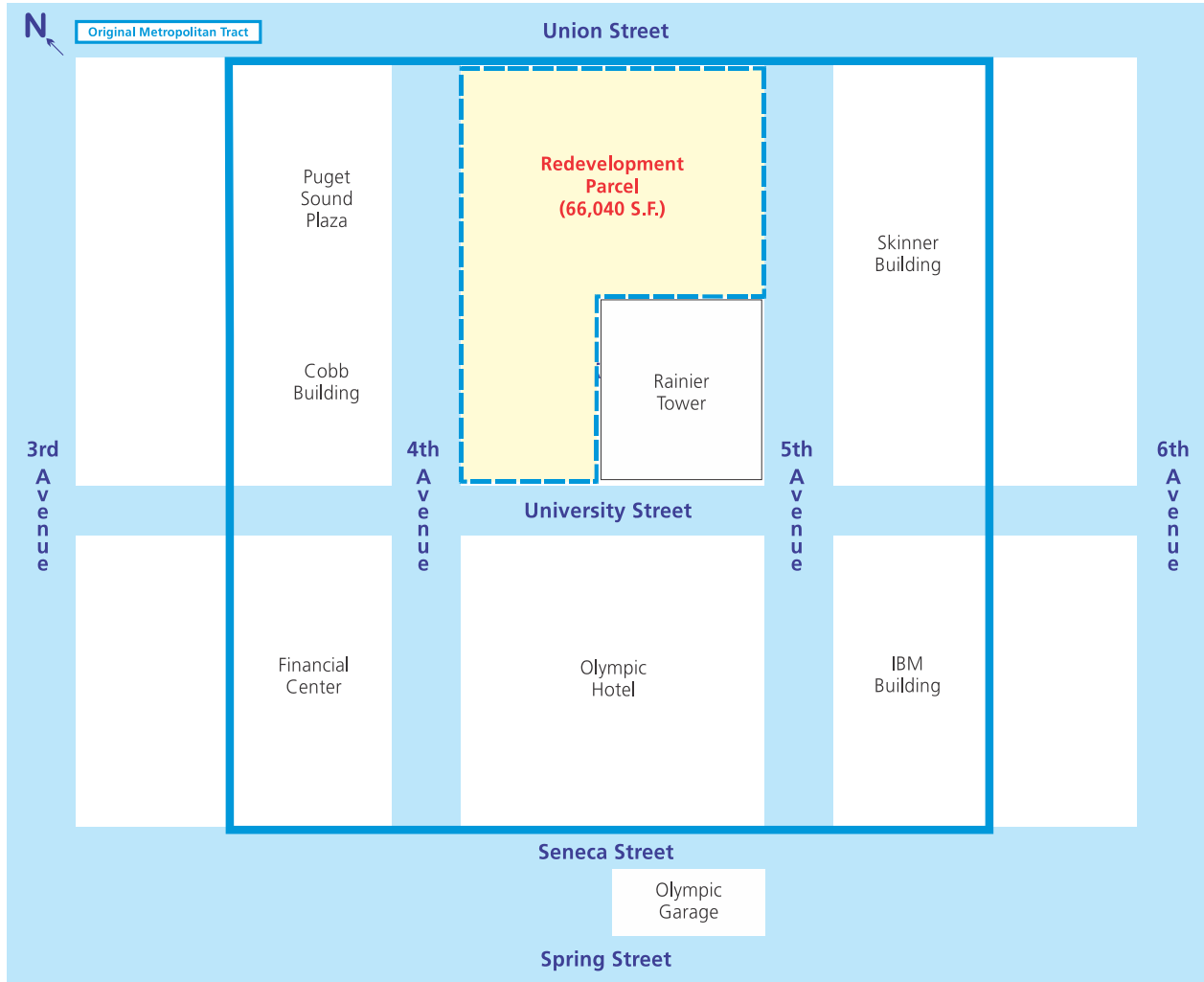
Rainier Square - Approve Ground Leases and Development Agreement and Delegate Execution of Documents (continued p. 4)

Estate Officer, the UW Advisory Committee on Real Estate (ACRE), and the Senior Vice President.

Attachments

1. Rainier Square – Site Plan
2. Rainier Square – Project Concept Design
3. Rainier Square – Term Sheet

RAINIER SQUARE – SITE PLAN



RAINIER SQUARE – PROJECT CONCEPT DESIGN



RAINIER SQUARE – PROJECT CONCEPT DESIGN



RAINIER SQUARE – TERM SHEET

Below is a summary of the significant negotiated transaction terms.

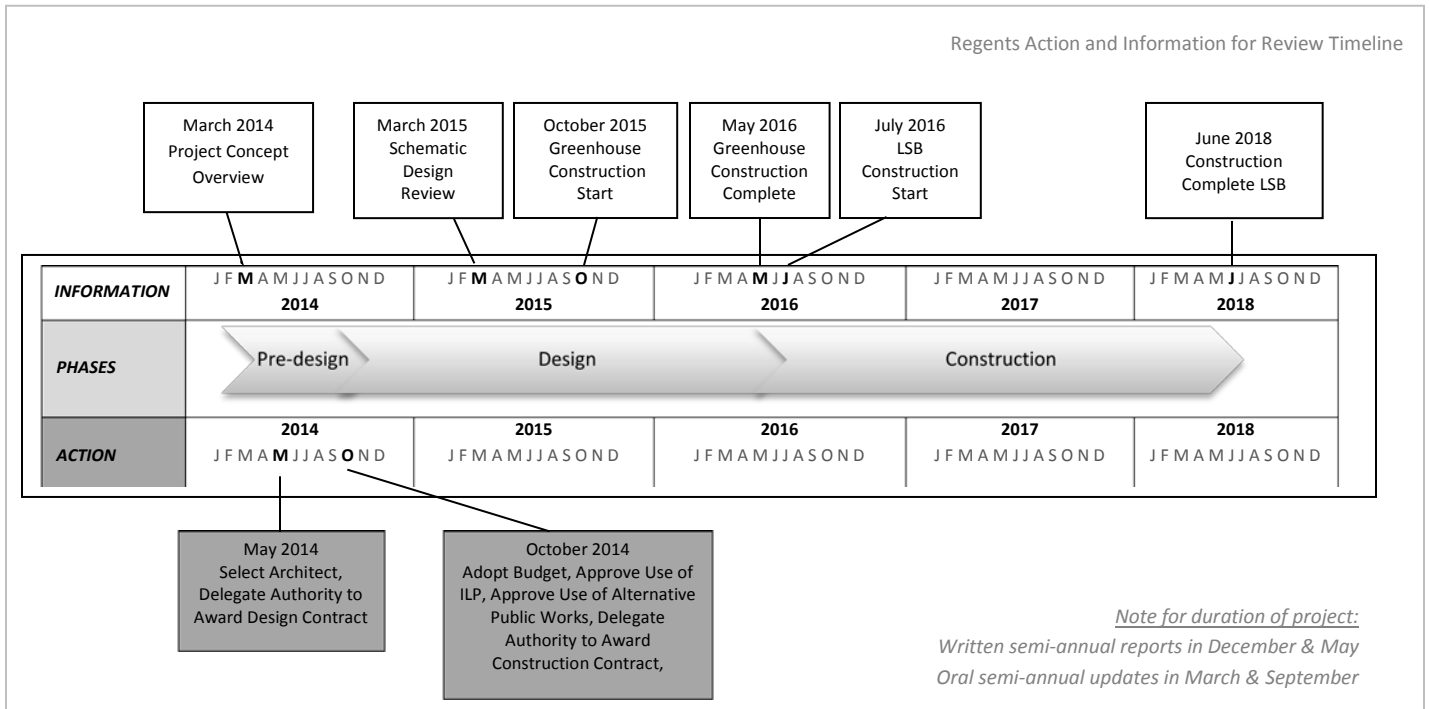
- Parties:
 - Lessor: The Board of Regents of the University of Washington
 - Lessee: WRC Fourth Avenue LLC, a Washington limited liability company
- Land Parcel:
 - 66,040 square feet located at the north and west sections of Rainier block
- Proposed New Development:
 - Mixed-use project totaling approximately 1,150,000 SF including:
 - A 50-story tower with 750,000 SF of office and 170,000 SF (182 units) of high quality residential apartments, and 30,000 SF of street level retail
 - A separate but connected 15-story hotel with 198 luxury rooms
 - A 1,200 car parking garage
- Contract Documents:
 - Due Diligence Agreement – 60-day investigative period with no commitment
 - Pre-Development Agreement – Governs developer payments and rights before Ground Lease execution
 - Ground Leases – Primary agreements for Tower and Hotel
 - Operating and Property Management Agreements for Rainier Square and Tower
 - Air Rights Condominium Declaration
- Transaction Structure:
 - Due Diligence
 - 60 day investigative period with no commitment
 - Pre-Development Agreement
 - Two (2) year term with four (4) one-year extensions at \$500,000 each
 - Lessee property manages existing Rainier Square and guarantees cash flow
 - Portions of extension payments can be applied to cash flow guarantee
 - Lessee cannot exercise 2nd option unless Lessor has received DDs
 - Lessee cannot exercise 4th option unless Lessor has received CDs
 - \$2,500,000 deposit to be refunded to developer
 - \$1,500,000 refunded upon submittal of Master Use Permit (MUP) to City, and submittal of Schematic Design Drawings (SDs) to Lessor
 - \$500,000 refunded if City Director’s MUP decision within three years
 - \$500,000 refunded if MUP issued and no appeals within three years
 - Lessee property manages Rainier Tower

- Ground Lease Agreements - Terms
 - Property is taken As-Is with all faults
 - No capital or debt obligations by University
 - 80-year unsubordinated term commencing at conclusion of pre-development period
 - Lessee must have Tower permitting and financing in place prior to lease execution
 - Tower construction must start within 120 days of lease execution
 - Tower construction must be complete within three years of lease execution (subject to force majeure)
 - Base Rent of 8% of stabilized adjusted gross income on Tower, and 3-4% on Hotel
 - Minimum rent \$500,000 for years 1-5; \$2,000,000 thereafter with increasing floor at stabilization
 - Separate Ground Lease agreements for Tower and Hotel (but cross-defaulted)
 - Cross default is released for Hotel after Tower and substructure completion
 - Hotel may be constructed subsequent to the Tower
 - Hotel construction must start within seven years after execution of the Pre-Development Agreement
 - Hotel construction must be complete within two years after construction start (subject to force majeure)
 - Payment and performance bond required for the Tower shell and core and the Hotel structures
 - Lessor environmental exposure limited to government orders and third-party claims related to the pre-existing condition; Lessee indemnifies Lessor for any contamination during the term
 - Reasonable cooperation among all parties for shared and common space serving both Rainier Tower and Rainier Square re-development
 - Parking rights for Rainier Tower within Rainier Square re-development

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract



RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Approve the project architect selection for the Life Sciences Building (LSB) project; and
2. Delegate authority to the President to award a design contract for the LSB project to Perkins+Will, subject to successful negotiation of an architectural agreement.

In the event of an unsuccessful negotiation with Perkins+Will, it is requested that authority be delegated to open negotiations and award a design contract with THA/HDR, the firm recommended as the first alternate.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract (continued p. 2)

ARCHITECT SELECTION

The Architectural Commission is charged with identifying the most qualified architectural firm as well as an alternate qualified firm in order to ensure that negotiations can continue in a timely manner.

In February of 2014, the Capital Projects Office advertised for firms interested in providing architectural services for the LSB. Eleven firms responded to the request for qualifications and three firms were interviewed by the Architectural Commission on April 14, 2014. The Commission recommended that Perkins+Will be appointed design architect for this project with THA/HDR as alternate, in the event of an unsuccessful negotiation with Perkins+Will.

Perkins+Will is an international architectural design firm with an office in Seattle. Perkins+Will has completed many projects for the University including the HUB Renovation and laboratory classrooms in Bagley Hall. Perkins+Will has also completed many science and laboratory buildings including the projects for the UW School of Medicine in the South Lake Union area with the recently completed SLU 3.1 project.

THA/HDR is a combination of two firms. THA is a Portland based firm with experience in many higher education academic and science buildings, including recent work on the UW Seattle campus for the Architectural Hall Renovation, and UW Bothell Phase 3 Science Building. HDR is an architecture firm specializing in science and technology programming. Currently HDR is working on a new laboratory project at Fluke Hall.

PROJECT BACKGROUND

This project will construct a LSB to accommodate new laboratory and office space to allow the Department of Biology to increase its faculty size to meet major increases in undergraduate student demand. The new LSB will allow Biology to hire 10-12 new faculty members and strengthen key areas of interdisciplinary research by bringing together faculty, postdocs, graduate students, and undergraduates with overlapping research interests.

In addition, a new research greenhouse of approximately 25,000 gross square feet will be constructed as part of the LSB project. The existing greenhouse and associated buildings will be demolished and the LSB of approximately 148,000

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract (continued p. 3)

gross square feet will be built on the existing greenhouse site to the east of Kincaid Hall. It is anticipated that the LSB will have five floors and a basement to house 15-16 research labs, associated offices and conference spaces, 2-3 authentic undergraduate research/teaching laboratories, growth chambers, and imaging facilities.

PROJECT SCHEDULE

The new greenhouse will be constructed east of the existing greenhouse to allow for the construction of the LSB on the site of the existing greenhouse. The design and construction of the Greenhouse will coincide with the completion of the design documents for the LSB.

Architect Selection	February 2014 – May 2014
Predesign	June 2014 – October 2014
Design	November 2014 – June 2016
Construction Greenhouse	October 2015 – May 2016
Construction LSB	July 2016 – June 2018
Occupancy	July 2018 – September 2018

PROJECT BUDGET AND FUNDING

Funding of the project will be phased with the predesign phase and a portion of the design and construction phases funded from reserves. The predesign phase budget is estimated at \$2 million and will be funded through the College of Arts and Sciences (CAS) reserves.

The budget for the design and construction phases will be determined during the predesign phase. The preliminary estimate is \$140 - \$180 million—consistent with the \$160 million rough-order-of magnitude cost represented in the *One Capital Plan* for the combined LSB and greenhouse.

Financing for the design and construction phases of the project is proposed as a combination of existing CAS reserves and use of the University's Internal Lending Program (ILP). CAS also intends to raise donor funds through a variety of means, including the creation of naming opportunities. Donor funds may be used as part of the CAS equity contribution to the project costs.

Although the LSB is primarily a research building, due to the close integration of research and teaching in the Biology department, repayment of the ILP loan will

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

College of Arts and Sciences: Life Sciences Building – Approve Project Architect Selection and Delegate Award of Design Contract (continued p. 4)

come from CAS tuition revenues. If available, donor funds may be used to repay part of the ILP Loan as well.

PREVIOUS ACTION

None. The project concept for the LSB was brought to March 13, 2014 meeting as an information item.

FUTURE BOARD OF REGENTS ACTION

At the completion of the predesign phase (anticipated in October 2014), the project budget, financing plan, construction contracting procedure, and a Donor Naming Opportunities Plan will be submitted to the Board of Regents for approval.

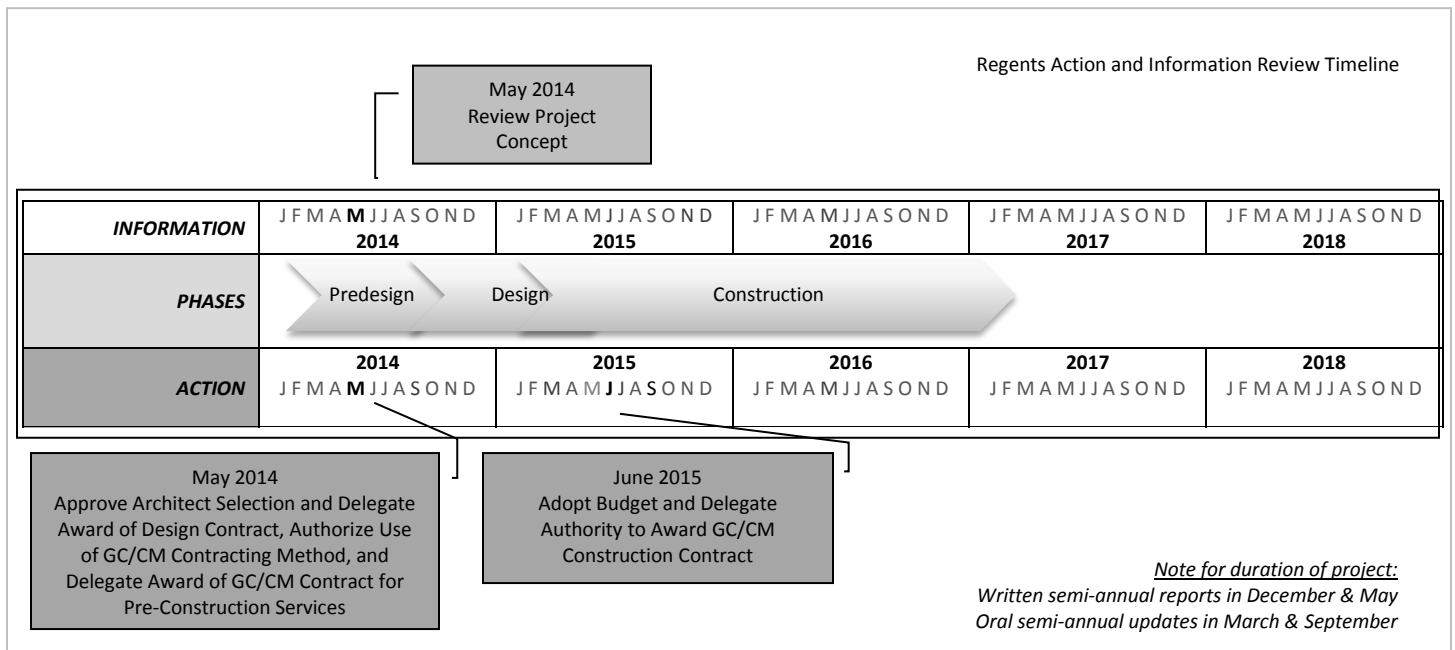
Attachment

Life Science Building – Site Location Map

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract



RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

- 1) Adopt the project budget for the UW Tacoma Urban Solutions Center design phase at \$1,900,000;
- 2) Approve the project architect selection for the UW Tacoma Urban Solutions Center Phase I;
- 3) Delegate authority to the President to award a design contract for the UW Tacoma Urban Solutions Center Phase I project to Miller Hull, subject to successful negotiation of an architectural agreement.

In the event of an unsuccessful negotiation with Miller Hull, it is requested that authority be delegated to open negotiations and award a design contract with McGranahan, the firm recommended as the first alternate;

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract (continued p. 2)

- 4) Authorize the use of the General Contractor/Construction manager (GC/CM) Alternate Public Works contracting method; and
- 5) Delegate authority to the President to award a GC/CM Preconstruction Services contract.

PROJECT BACKGROUND

The former Tacoma Paper and Stationery Building is the last of the un-renovated historic large warehouse buildings on the UW Tacoma campus. The building features a 10,000 gross square foot daylight basement and three upper floors for a total of 40,000 gross square feet. Currently, the building is unoccupied other than by storage uses and by the Old Spaghetti Factory restaurant, which has been a mainstay in downtown Tacoma for decades.

Consistent with its mission as an urban-serving university, the UW Tacoma seeks to renovate this building to further preserve the historic fabric of its downtown Tacoma environs, and to ultimately house programs in the building which bring together academic, commercial, non-profit, government, and student entities in one place to study, research, analyze, debate, and develop solutions for a variety of issues in the South Sound region.

In Phase I, an initial shell and core project will bring the building up to current code compliance and establish a 'warm shell' suitable for future interior build-out. Programming for potential uses, including laboratories, teaching space, collaborative space, and offices, will be concurrent with Phase I.

ARCHITECT SELECTION

In close cooperation with the Office of Planning and Budgeting, the Capital Projects Office (CPO) commenced in February 2014 with a process to select the project architect. Because this project includes minimal exterior building modifications beyond window replacement and masonry repair and cleaning, the Architectural Commission did not participate in the selection. The selection committee did include a representative from the Office of the University Architect, along with the CPO, Campus Engineering, and UW Tacoma staff.

The Request for Qualifications produced responses from 16 firms, 4 of which - McGranahan Architects, BLRB, BCRA, and Miller Hull - were interviewed by the selection committee. The committee has recommended the selection of Miller

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract (continued p. 3)

Hull, with McGranahan as the first alternate. It is intended that, at the University's discretion, the firm selected as the architect for the shell and core work (this project) will remain as the project architect for the eventual interior build-out (a future project).

Miller Hull is a Seattle firm founded in 1977, currently with a staff of 63 people. They have been recognized with over 200 design awards and have been widely published in a variety of journals. In 2003, they received the AIA Firm Award which recognizes leadership, community service, professional and public involvement and highest design quality over a 10 year period. A signature project is the recently opened Bullitt Center, widely considered the "greenest office building in the world." They have experience at UW Tacoma on the Mattress Factory and Cherry Parkes buildings, and other work for the University includes the recent Odegaard Library Renovation, Merrill Hall, and the Conibear Shellhouse. They are also underway with design work for the new UW Police Department Facility.

CONSTRUCTION CONTRACTING STRATEGY

The recommendation of CPO is to use the GC/CM alternative public works contracting procedure, as authorized by RCW 39.10 for construction of this project. The use of a GC/CM has been absolutely critical to the success of the University's large and complex projects. During design, the GC/CM will be able to advise on best-value approaches for the building renovation, construction logistics, cost comparisons, investigation of existing conditions, scheduling, and site logistics planning.

All of these aspects of the GC/CM process will be especially important in the UW Tacoma Urban Solutions Center renovation.

CPO would commence the GC/CM selection process in May 2014, with the expectation of entering into a preconstruction services agreement with the highest scoring firm in mid-July. It is proposed that the Board of Regents will be informed of the selected GC/CM at their July 2014 meeting.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract (continued p. 4)

PROJECT SCHEDULE

Forecasted completion dates:

Predesign	September 2014
Design	April 2015
Construction	February 2017

PROJECT BUDGET AND FUNDING PLAN

Predesign and design work has been funded by a \$1.9 million appropriation in the 2013-15 state capital budget. Construction funding of \$16.4 million for Phase I will be submitted with the UW 2015-17 capital request.

The anticipated project budget for the construction of the shell and core (Phase I) of \$18.3 million assumes a \$16.4 million 2015-17 state appropriation. Approval of the overall project budget and construction contract are not being requested at this time.

Funding for the future interior build-out (Phase II), expected to be on the order of \$20 million, would be funded by a combination of fundraising, partnerships, and institutional sources.

Sources of Funds (Phase I):

2013-15 state appropriation (Pre-Design and Design)	\$ 1,900,000
<u>2015-17 state appropriation (Construction/shell & core)</u>	<u>\$ 16,400,000*</u>
Total, Sources of Funds	\$ 18,300,000

**status and amount to be confirmed following 2015 Legislative session*

Uses of Funds (Phase I):

Project Design and Construction	\$ 17,000,000
<u>Furnishings, Equipment and Other</u>	<u>\$ 1,300,000</u>
Total, Uses of Funds	\$ 18,300,000

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Tacoma, Urban Solutions Center Phase I - Review Project Concept, Approve Architect Selection, Authorize Use of GC/CM Contracting Method, and Delegate Award of Design Contract (continued p. 5)

FUTURE BOARD OF REGENTS ACTION

Following the completion of the design phase (anticipated in April 2015), the project budget, funding source(s) (if required), and approval to award the GC/CM construction contract will be submitted to the Board of Regents for approval.

Attachment

Presentation: UW Tacoma Urban Solutions Center



UW Tacoma Urban Solutions Center

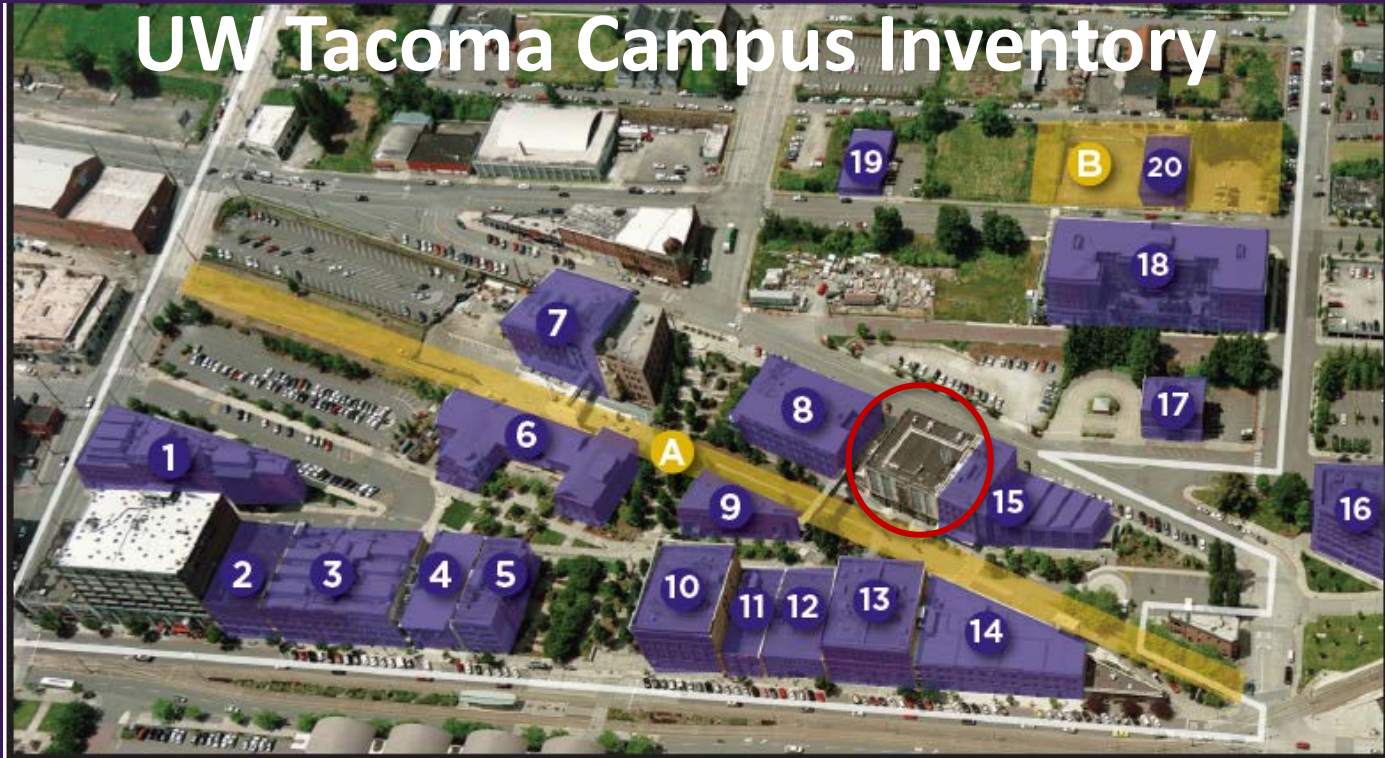
Project Number: 204701

Board of Regents

May 8, 2014

ATTACHMENT

UW Tacoma Campus Inventory



- | | | |
|--------------------------|------------------------------|---|
| 1 Mattress Factory | 9 Keystone | 17 Pinkerton |
| 2 McDonald-Smith | 10 Garrettson Woodruff Pratt | 18 Court 17 Apartments |
| 3 Cherry Parkes | 11 Birmingham Block | 19 Laborer's Hall |
| 4 William W. Philip Hall | 12 Birmingham Hay & Seed | 20 Longshoremen's Hall <i>demolished</i> |
| 5 Walsh Gardner | 13 West Coast Grocery | A Praire Line Trail - UWT Station
<i>(opens Fall 2014)</i> |
| 6 Snoqualmie | 14 Joy | B University Y / Student Center
<i>(opens Winter 2015)</i> |
| 7 Tioga Library | 15 Dougan | |
| 8 Science | 16 Carlton Center | |

Project Description

- Predesign study of the 40,000 GSF building to be submitted to the Legislature in Fall 2014 to request construction funding for 2015-2017 Biennium
- Initial design project is for shell & core improvements estimated to be \$16.3M (total project cost)
- Continued design, including construction documents, in anticipation of construction start in Summer 2015

Project Priorities

- Maximize value, flexibility, and assignable space
- Maximize ‘warm shell’ infrastructure that could be provided by the core and shell project within the available budget
- Minimize non-essential changes to overall building architecture
- Carry on the legacy of UWT’s historic campus fabric

Tacoma Paper and Stationery



Miller Hull - Architect



Questions?

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sound Transit Mitigation - Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation AgreementRECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

- 1) Approve the mitigation relocation plan, as described in Section 4.5.1 of the Master Implementation Agreement (MIA), for the Sound Transit tunnel under the campus;
- 2) Approve the Sound Transit Northgate Link Extension tunnel design; and
- 3) Approve proposed amendments to MIA to reflect the mitigation relocation plan and tunnel design.

PROJECT BACKGROUND AND DESCRIPTION

The MIA was finalized and signed on June 29, 2007, and has guided the design of Sound Transit's construction of the pathway under the campus as well as its service operation.

The Sound Transit Light Rail is now carrying passengers from downtown Seattle to Sea-Tac Airport, and construction on the University Link (downtown Seattle to the University of Washington) is underway and scheduled to be in service in 2016. The Northgate Link Extension is a 4.3-mile line from the University of Washington Station, with stations in the University District, the Roosevelt Neighborhood, and at Northgate.

Most of the Northgate Link Extension route will be underground, including lines under the University's Seattle campus, with the track transitioning to the surface at a tunnel portal site along I-5 at about NE 94th Street and connecting to the elevated Northgate Station. When the Northgate Link Extension opens in 2021, it will be part of the 36 miles of new light rail lines running north, east and south from Seattle.

To inform the discussions with Sound Transit, it was imperative to understand the potential impacts from having the tunnel under the campus. Based on staff and faculty input, three main impacts were determined: 1) Vibration (ground borne), occurs from operating trains once the light rail is in service; 2) Electromagnetic Interference (EMI) by operating trains results in transient magnetic fields from the

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement (continued p. 2)

currents that power the vehicles, and the moving steel mass of the vehicles causes localized magnetic field shifts as the train passes; and 3) Construction vibration (ground borne), is produced from the tunnel boring machine as well as the supply train during transport of construction materials in the tunnel.

The inclusion of staff, faculty, and researcher input and concerns, received from numerous meetings and discussions, was critical in negotiating the 2007 MIA between the University and Sound Transit. A primary focus of the MIA was to preserve the natural resource that exists in the ‘quiet zone’ of the Seattle campus. Many of the buildings in the ‘quiet zone’ house some of the University’s most sensitive research and teaching instrumentation due to the very low ambient ground vibrations and EMI in that area of the campus. The natural quietness of the area provides the University with a competitive advantage among the major urban research universities worldwide since faculty and students are able to perform sensitive measurements without the expense of making accommodations or traveling great distances to remote sites.

The MIA listed the identified buildings on campus in two groups in respect to sensitivity to vibration and EMI impacts. For the most sensitive buildings,, the University’s requested thresholds could not be exceeded by light rail operations. For the other buildings, if requested thresholds would be exceeded, based on the predictions, Sound Transit would be responsible for all costs to relocate activities in those buildings that would be impacted.

When Sound Transit had determined the only practical alignment was to tunnel under the Lake Washington Ship Canal east of the Montlake Bridge, the mutual goal was to find a light rail tunnel alignment under the Seattle campus while preserving the University’s ‘quiet zone’ for research and teaching.

The U District Station, adjacent to the UW Tower, construction started with demolition in 2013, and station construction is planned from January 2014 to July 2020 with service starting September 2021. The tunnel boring under the campus will be from the fourth quarter of 2015 to the second quarter of 2016.

There were a number of components to preserving the ‘quiet zone’; work with faculty to determine threshold levels of vibration and EMI; determine the tunnel alignment to best sustain these thresholds; monitor to insure these thresholds are maintained during operation; and protect and mitigate during construction.

At the various stages of the tunnel design, predictions were calculated for vibration and EMI levels. The 90% design predictions indicated that no building thresholds will be impacted by train operation vibrations. However, of the 26

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement (continued p. 3)

buildings identified as sensitive, four buildings will be impacted by EMI levels over the requested thresholds: Wilcox Hall; Roberts Hall; Mechanical Engineering; and Mechanical Engineering Annex. Sound Transit is obligated to pay all actual costs for the University to relocate research or other University activities that cannot be conducted in buildings in which they are then located because the predictions for vibration or EMI at 100% Final Design indicate that the University-requested thresholds for those buildings will be exceeded.

The current effort to determine the magnitude and cost of this impact started with online surveys in June 2012 for researchers to identify sensitive research needs. On September 17, the 90% design impact information was issued by Sound Transit and on October 12, 2012, the 90-day period to reply with a relocation plan report was started. During October and November of 2012, a series of meetings were held with consultants, faculty and researchers to help prepare a relocation plan report which was due to Sound Transit in January 2013.

It was agreed that constructing new facilities for the required relocation of activities that cannot be conducted due to exceeding the University-requested thresholds is the only viable mitigation solution. Other mitigation measures, such as shielding of equipment, are too costly and restrictive to research needs. An exploration of existing campus space determined there was insufficient space (that meets the physical and technical requirements) available on campus that can be renovated for the required use. The current activities to be relocated total 13, 031 assignable square feet (asf) with up to 40,000 asf projected in 2021.

MITIGATION RELOCATION PLAN

As mitigation for EMI impacts to the identified buildings on the Seattle Campus, Sound Transit has agreed to compensate the University for costs incurred to relocate research and related activities that cannot be conducted in buildings where they are currently located. It is agreed that compensation for this mitigation relocation paid to the University will be \$43,000,000. To accommodate this relocation, the University is proposing to construct the (partially-designed) second phase to the Molecular Engineering and Sciences Building to provide the necessary research space up through 2021.

TUNNEL DESIGN

The Northgate Link Extension tunnel alignment under the Seattle campus is proposed as shown on the attached route map. This tunnel location results in predications for both vibration and EMI that will meet the University requested

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement (continued p. 4)

thresholds for the most sensitive buildings with the single exception of the Surgical Pavilion which will be increased from 1.0 to 1.1 milligauss (mG). The impacts to four buildings will be mitigated by relocation as agreed to with Sound Transit.

AMENDING THE MIA

With the Regents' approval, the MIA will be amended to reflect the negotiations with Sound Transit as follows:

- For both vibration and EMI, permanently fix thresholds for the identified sensitive buildings; Sound Transit cannot go into revenue service if any pre-revenue testing exceeds these numbers and will be subject to liquidated damages if these are exceeded during light rail operation.
- Sound Transit agrees to pay the University \$43 million for relocation of the impacted space due to the new building threshold values.
- The University agrees not to hold Sound Transit liable for any future relocation costs due to vibration or EMI provided those values remain within the revised thresholds.
- The University approves the current Northgate Link Extension tunnel design.
- The Sound Transit contractor shall use all means practical to reduce construction impacts due to tunneling under campus including rubber tired supply vehicles and “soft” tunnel boring machine thrust jacks.
- The University, with the College of Engineering, will work with Sound Transit to coordinate a more effective EMI monitoring system for specific building and laboratory locations.

PREVIOUS ACTION

In June 2007, the Board of Regents delegated authority to the President to enter into the MIA for Sound Transit's entry to the University of Washington Seattle Campus subject to final language being substantially similar to the submitted version of the agreement. The final MIA can be viewed at the following link:

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sound Transit Mitigation – Approve Mitigation Relocation Plan, Tunnel Design, and Amendment to the Master Implementation Agreement (continued p. 5)

<http://f2.washington.edu/cpo/sites/default/files/file/sound-transit-fully-executed-mia.pdf>

Attachment

Sound Transit Northgate Link Extension Tunnel Alignment Plan



BLAKELEY VILLAGE
(SEE INSET BELOW)

UNION BAY

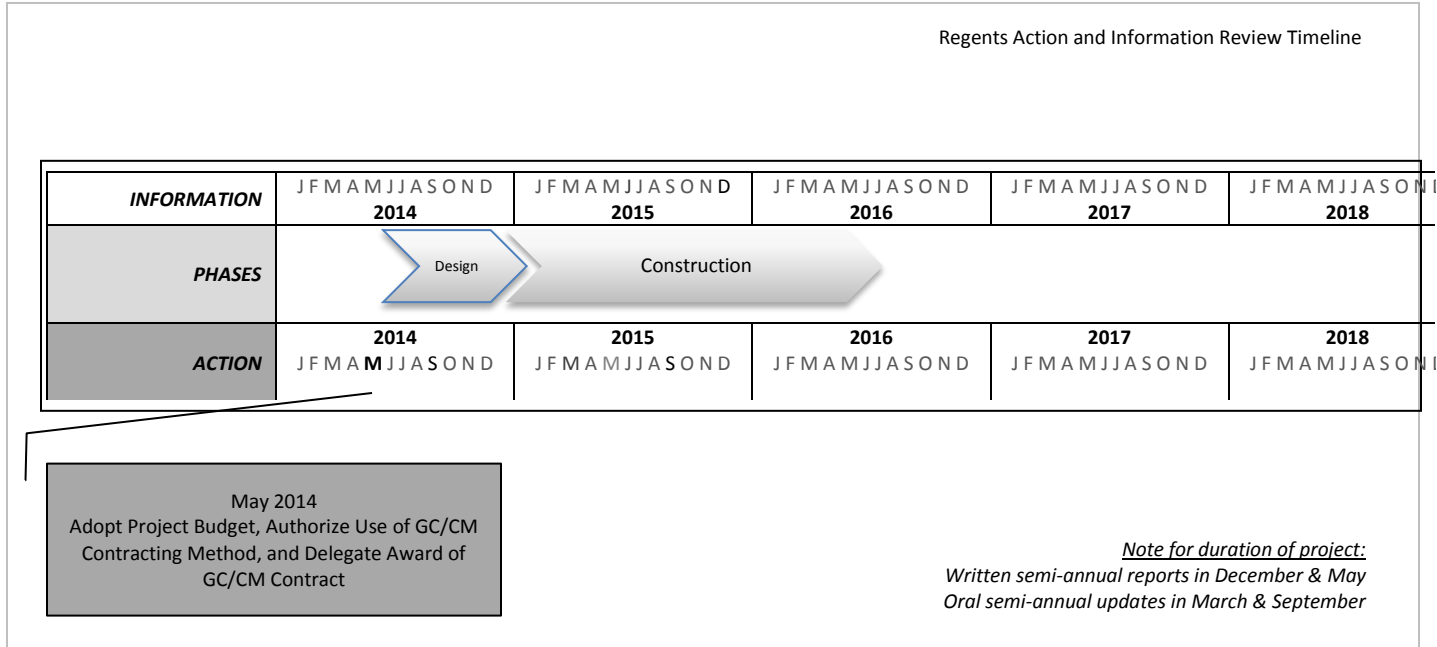
PORTAGE BAY



VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Research Building Project - Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract



RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

- 1) Adopt the project budget of \$ 53 million;
- 2) Approve the use of Alternate Public Works utilizing General Contractor/Construction Manager (GC/CM); and
- 3) Delegate authority to the President to award a GC/CM contract.

PROJECT BACKGROUND AND DESCRIPTION

The Molecular Engineering & Sciences Building Phase 1, was built with a project cost of \$75.2 million and occupied in October 2012 to accommodate growth anticipated in this emerging field. Programmed for 90,300 gross square feet, the initial phase provided ground contact and basement levels to suit instrumentation labs with ultra-low vibration and electromagnetic interference requirements, as well as above-ground chemistry, biochemistry, and microbiology laboratories, with an emphasis on interdisciplinary research. Creating technologically rich

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract (continued p. 2)

support spaces that provided a high degree of operational flexibility was a primary goal for the building in order to accommodate rapidly evolving research needs with fast and inexpensive changes.

In anticipation of potential additional funding, construction documents for a cold shell were completed and a building permit application was made for a Phase 2 of 69,000 gross square feet. The project went on hold when funding was not obtained and the building permit process lapsed.

As mitigation for electromagnetic interference (EMI) impacts to buildings on the Seattle Campus, Sound Transit has agreed to compensate the University for all costs to relocate research and related activities that cannot be conducted in buildings where they are currently located. It is agreed that compensation for this mitigation relocation paid to the University will be \$43,000,000. To accommodate this relocation, the University is proposing to construct the partially designed Phase 2 of the Molecular Engineering & Sciences Building.

To meet the Sound Transit mitigation relocation needs, the proposal is to use the previously approved Phase 2 design and site location to construct a warm shell building and complete the build-out of 13,000 assignable square feet (asf) to accommodate the currently impacted spaces. The first floor of 12,000 gross square feet will be constructed as a warm shell for anticipated future completion for academic general purpose use and this warm shell work will be funded by Central Funds. To offset this loss of floor space, the currently designed basement level floor will expand to the north and add 9,000 of gross square feet of ground contact area. The balance of the shell space will be available to provide build-out space for future College of Engineering vibration and EMI sensitive programs, currently estimated at an additional 27,000 asf by the year 2021. ZGF, the architects for both the original Phase 1 and 2 designs, will finalize the updated design and permitting documents for Phase 2.

The use of alternate public works utilizing general contractor/construction manager (GC/CM) is recommended. Phase 2 will be physically connected to the length of the north side of the existing occupied Phase 1; construction sequencing and coordination expertise will be critical to minimize disruption. Also, coordination and site logistics planning with both Stevens Way to the west and Grant Lane to the north will need to be well planned.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract (continued p. 3)

SCHEDULE

Forecasted dates

Design completion	May 2014 – June 2015
Permitting	June 2014 – December 2014
Construction	January 2015 –September 2016
Occupancy	December 2016

BUDGET AND FUNDING PLAN

The proposed project budget is \$ 53.0 million. Sources and uses for the project are as follows:

Sources of Funds:

Sound Transit mitigation	\$ 43,000,000
Sound Transit administration support funds	\$ 2,000,000
Interest earned on above	\$ 2,000,000
<u>Central Funding</u>	<u>\$ 6,000,000</u>
Total, Sources of Funds	\$ 53,000,000

Uses of Funds:

Project Design and Construction	\$ 43,270,080
Furnishings, Equipment and Other	\$ 3,414,651
<u>Other</u>	<u>\$ 6,315,269</u>
Total, Uses of Funds	\$ 53,000,000

PREVIOUS ACTION

At the June 2007 meeting, the Board of Regents appointed Zimmer Gunsul Frasca (ZGF) Architects as designers for the Molecular Engineering & Sciences Building (MoES) including a potential second phase if funding is available to proceed in a timely manner.

VII. STANDING COMMITTEES

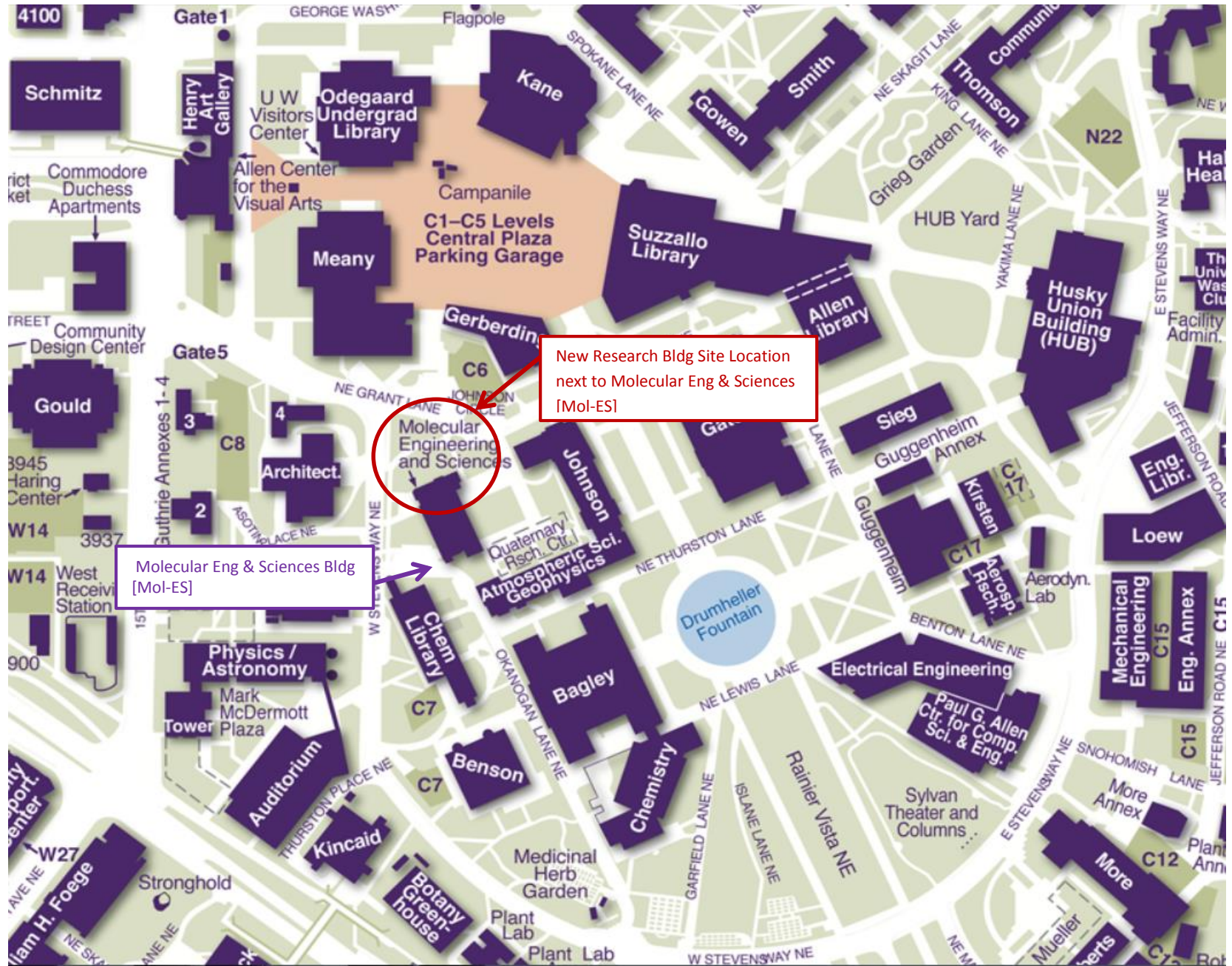
B. Finance and Asset Management Committee

Research Building Project – Adopt Project Budget, Authorize Use of GC/CM Contracting Method, and Delegate Award of GC/CM Contract (continued p. 4)

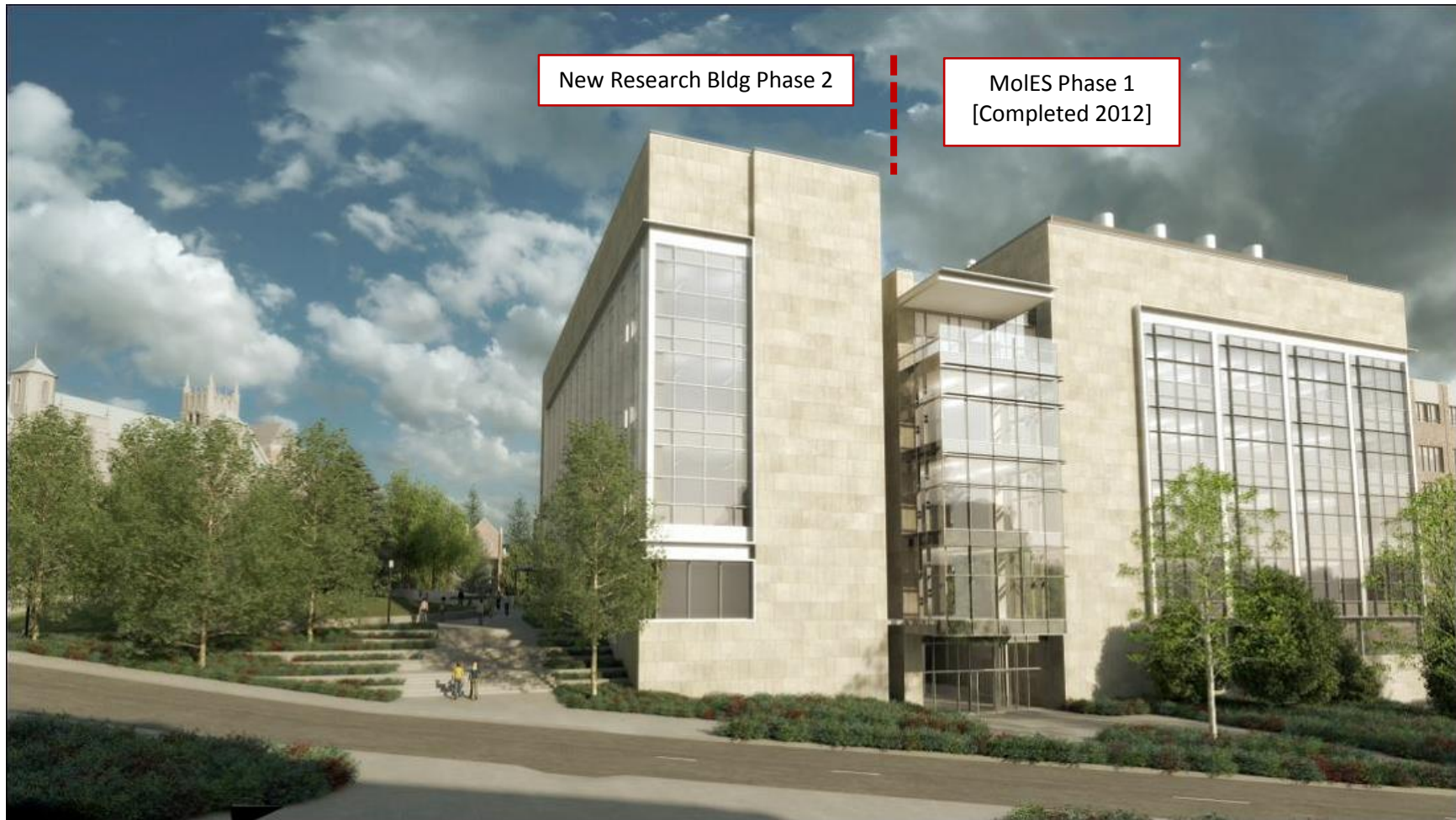
Attachments

1. Site Location Map
2. Exterior View Rendering
3. Summary Project Budget

Research Building – Site Location



Research Building – Exterior View [Rendering]



**UNIVERSITY OF WASHINGTON
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET
ALTERNATIVE PROCUREMENT (GC/CM)**

PROJECT: New Research Building Project

Project Number: 201989

ESTIMATED DATE OF COMPLETION: September 2016

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Pre-Schematic Design Services	\$ -	0.0%
A/E Basic Design Services	\$ 1,300,000	2.5%
Extra Services	\$ 1,177,000	2.2%
Other Services	\$ 2,878,896	5.4%
Design Services Contingency	\$ -	0.0%
Consultant Services	\$ 5,355,896	10.1%
GC/CM Construction Cost	\$ 37,301,250	70.4%
Other Contracts	\$ -	0.0%
Construction Contingencies	\$ -	0.0%
Sales Tax	\$ 612,934	1.2%
Construction	\$ 37,914,184	71.5%
Equipment & Furnishings	\$ 400,000	0.8%
Other Costs	\$ 917,000	1.7%
Project Management	\$ 2,097,651	4.0%
Other	\$ 3,414,651	6.4%
Contingencies	\$ 3,729,239	7.0%
Escalation	\$ 2,586,030	4.9%
Total Project Cost (TPC)*	\$ 53,000,000	100.0%

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Investment Program Annual Update

This item is for information only.

Attachment

Investment Program Update: A Report to the Board of Regents, May 8, 2014



Investment Program Update

A Report to the Board of Regents

May 8, 2014

Treasury Office
University of Washington

Investment Program Update

A Report to the Board of Regents

May 8, 2014

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Executive Summary

Regents' perspective is requested on the following :

- **Active Management**

Favoring public over private strategies which may result in greater performance volatility.

- **Emerging Markets**

Maintaining the level of differentiation relative to policy benchmark and peers' allocation.

- **Tactical Positioning**

Leaning into value relative to policy targets.

Highlights of the UW investment program include:

- **Overview**

The Consolidated Endowment Fund (CEF) and Invested Funds (IF) are reviewed annually with the Board of Regents. While no policy changes are proposed this year for the CEF, a revised asset allocation is recommended for the IF.

- **Performance**

CEF returned 14.9% and IF returned 3.1% for the year ending December 2013. Longer-term performance has also been solid, with the two portfolios returning 7.8% and 4.4%, respectively, over the last ten years.

- **Consolidated Endowment Fund (CEF)**

The portfolio remains overweight equities, highlighted by meaningful exposure to emerging markets relative to both peer institutions and global market indices. Emerging markets represent the CEF's primary driver of growth required to meet the targeted nominal return and spending hurdle. Although emerging markets underperformed in recent years and tend to be volatile, high returns are projected relative to other asset classes over the next 5–7 years.

- **Invested Funds (IF)**

The portfolio consists of government-backed securities and CEF units to provide diversification and growth. Steps are being taken to further increase CEF exposure to mitigate interest rate risk and enhance diversification of the fund. Creation of a fourth pool is also being recommended to fund University capital assets.

Roles and Responsibilities

Governance

Board of Regents

Sets Investment Policy

- Spending rate
- Strategic asset allocation
- Delegations

Appoints Investment Officer/Advisors

- Chief Investment Officer (CIO)
- UWINCO members
- Investment consultants

Reviews Program

- Program oversight/accountability

Investment Committee (UWINCO)

Advises CIO

- Investment planning
- Asset allocation
- Manager identification
- Market trends

Advises the Board of Regents

- Investment program oversight
- CIO oversight

Chief Investment Officer (CIO)

Implements Investment Program

- Day-to-day management
- Tactical asset allocation
- Manager appointments
- Manager terminations
- Risk management
- Research

Monitors Results

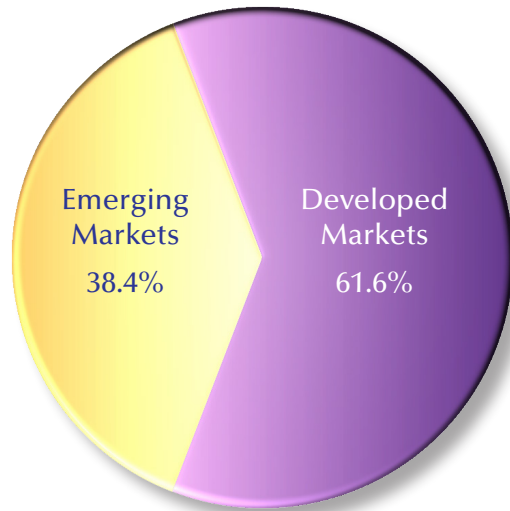
- Performance reporting

Governance of the investment program is defined around clearly established roles and responsibilities.

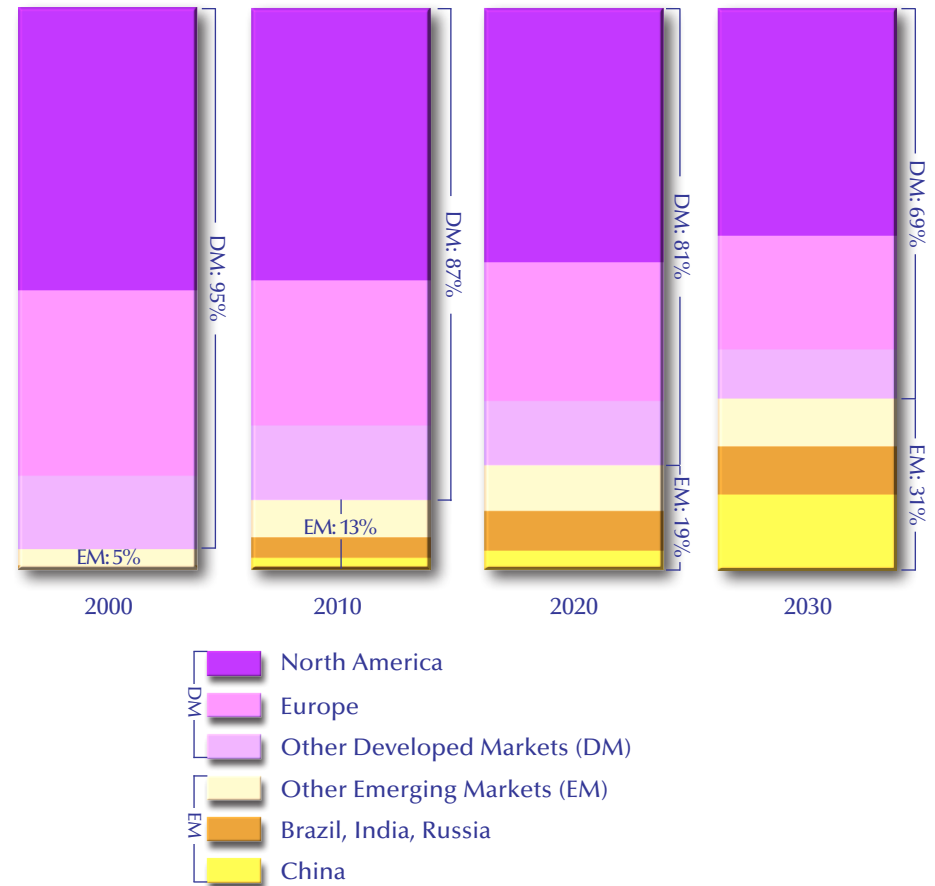
Capital Markets

Global Market Composition

Share of GDP



Share of Capital Markets



Emerging Markets	
China	12.2%
Brazil	3.0%
Russia	2.9%
India	2.4%
Mexico	1.8%
Remaining	<u>16.1%</u>
Total	<u>38.4%</u>

Developed Markets	
United States	22.8%
Japan	6.8%
Germany	4.9%
France	3.7%
United Kingdom	3.4%
Remaining	<u>20.0%</u>
Total	<u>61.6%</u>

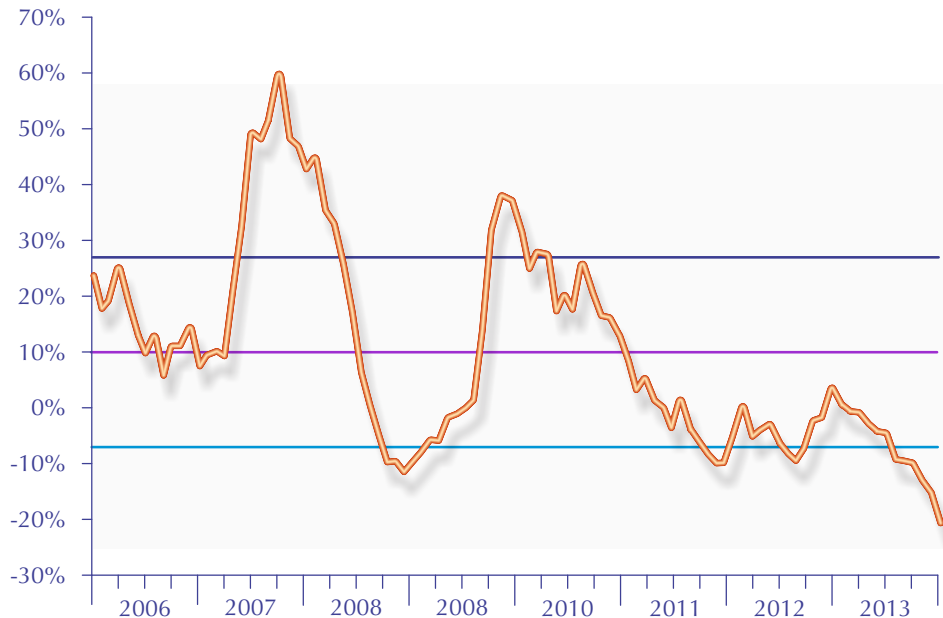
Source: International Monetary Fund, World economic Outlook database as of October, 2013

Sources: Factset, IMF, Worldbank, World Federation of Exchange, Goldman Sachs Global ECS Research estimates

Emerging markets' share of global capital markets is anticipated to rise substantially over the next two decades.

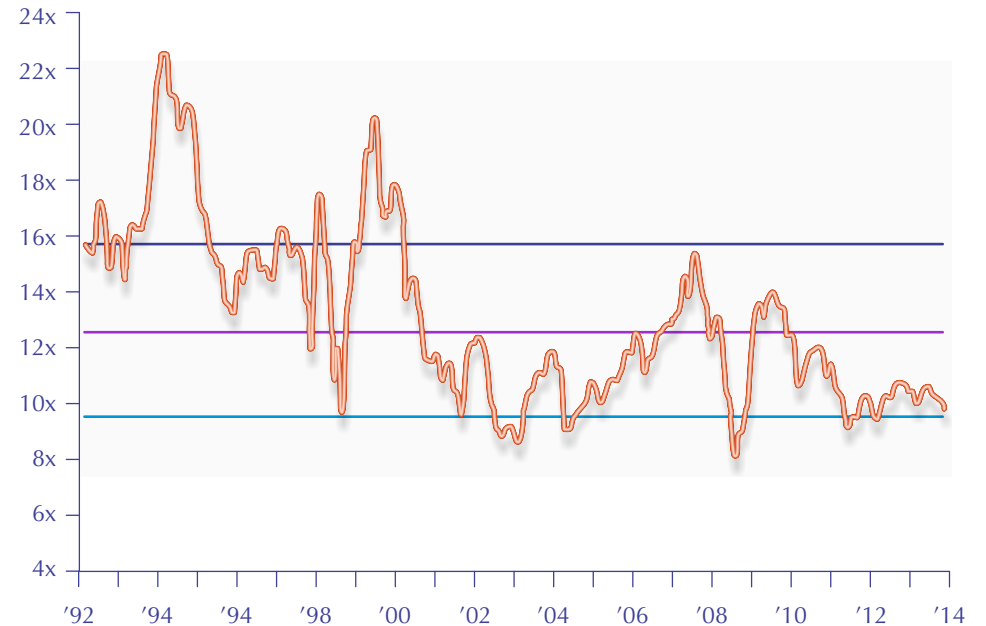
Emerging Markets Relative Performance and Valuations

— Rolling 12-Month Relative Performance (UW EM versus ACWI) —



- + 1 SD
- Excess Return
- Average
- -1 SD

— MSCI EM Forward PE —

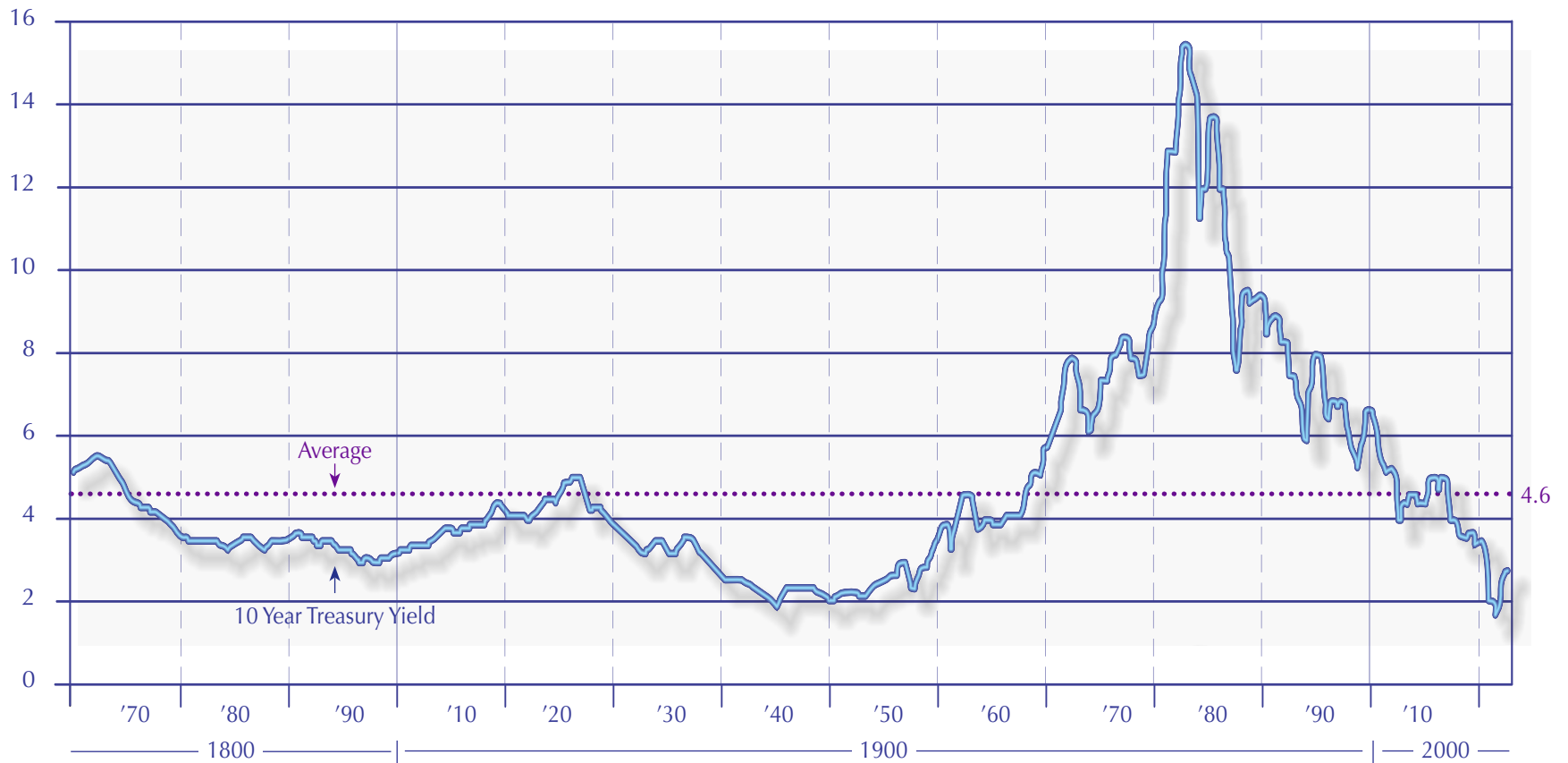


- + 1 SD
- Average
- -1 SD

Source: Morgan Stanley Research, March 2014

Emerging markets' performance has lagged developed markets over the past three years, but current valuations are attractive.

Historical 10-Year Treasury Yields



Source: Wellington Management Co.

Historically low interest rates present risk of owning longer maturity US Treasuries.

Consolidated Endowment Fund

CEF Characteristics

CEF PROFILE

Description

A permanent fund established through private gift funds to support the program specified by the donor.

Composition

4,069 individual endowments which are commingled for investment purposes similar to a mutual fund.

Primary Objective

To preserve the purchasing power of each endowed gift over time. This objective drives the discussion on spending policy, return requirements, long-term asset allocation and risk tolerance.

Secondary Objective

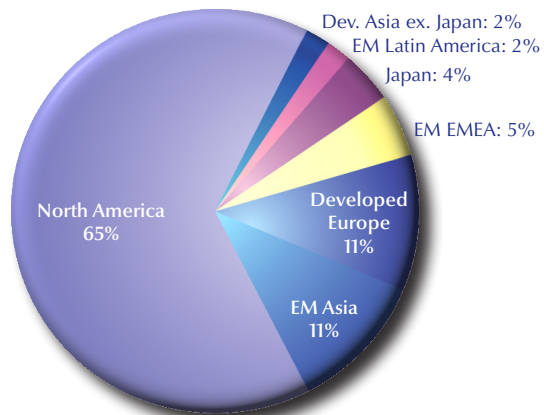
To provide a steady stream of income to support individual programs. This objective influences the spending formula used in calculating the income distribution.

ASSET ALLOCATION AS OF 12/31/13

	Current Allocation (\$ =M)		Policy Target	Range
Emerging Markets Equity	\$426	17%	17%	
Developed Markets Equity	\$958	38%	28%	
Private Equity	\$300	12%	15%	
Real Assets	\$186	7%	7%	
Opportunistic	\$46	2%	3%	
Capital Appreciation	\$1,916	76%	70%	55%–85%
Absolute Return	\$457	18%	19%	
Fixed Income	\$161	6%	11%	
Capital Preservation	\$618	24%	30%	15%–45%
Total CEF¹	\$2,533	100%¹		

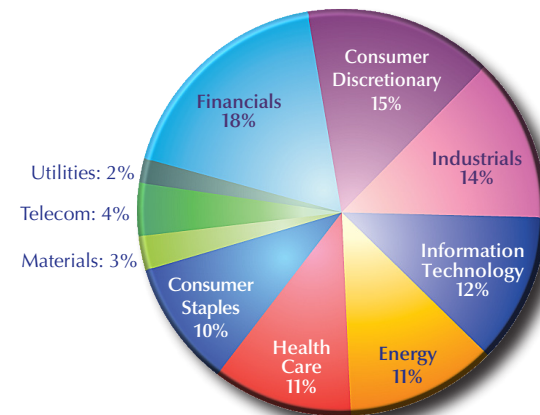
¹ Percentages may not sum due to rounding.

GEOGRAPHIC EXPOSURE¹ AS OF 12/31/13



¹ At 12/31/13 foreign currency exposure: 34%

EQUITY SECTOR EXPOSURE¹ AS OF 12/31/13



¹ Emerging Markets, Developed Markets, Real Assets, and Absolute Return Equity

The CEF risk/return objectives are achieved through broad diversification by strategy, sector and geography.

CEF Returns and Risk

As of December 31, 2013

		<u>1 Year</u>	<u>3 Year</u>	<u>10 Year</u>	<u>20 Year</u>
RETURN	Total CEF Return	14.9%	8.3%	7.8%	9.4%
	Policy Benchmark ¹	15.0%	9.2%	8.2%	9.3%
	Passive Benchmark ²	15.1%	8.3%	7.0%	7.2%
	Peer Quartile Ranking ³	2nd	3rd	2nd	1st
	Return Contribution (\$M)⁴	\$335	\$540	\$1,351	\$2,033
RISK	CEF Sharpe Ratio⁵	3.2	1.3	0.7	0.7
	Policy Benchmark Sharpe Ratio ⁵	3.0	1.3	0.8	0.7

¹ Policy Benchmark is a blend of market indices weighted to reflect the strategic asset allocation of the CEF.

² 70% MSCI ACWI plus 30% BC Government Bonds.

³ Cambridge Associates Public Colleges and Universities reporting with endowments currently between \$1B & \$5B.

⁴ Represents the cumulative dollars generated by CEF investment returns.

⁵ The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated using standard deviation and excess return over the risk-free rate to determine reward per unit of risk.

CEF performance was solid during the past year. Longer-term performance is improving.

Absolute Annual Returns by CEF Asset Class

← For Calendar Years Ending December 31 →

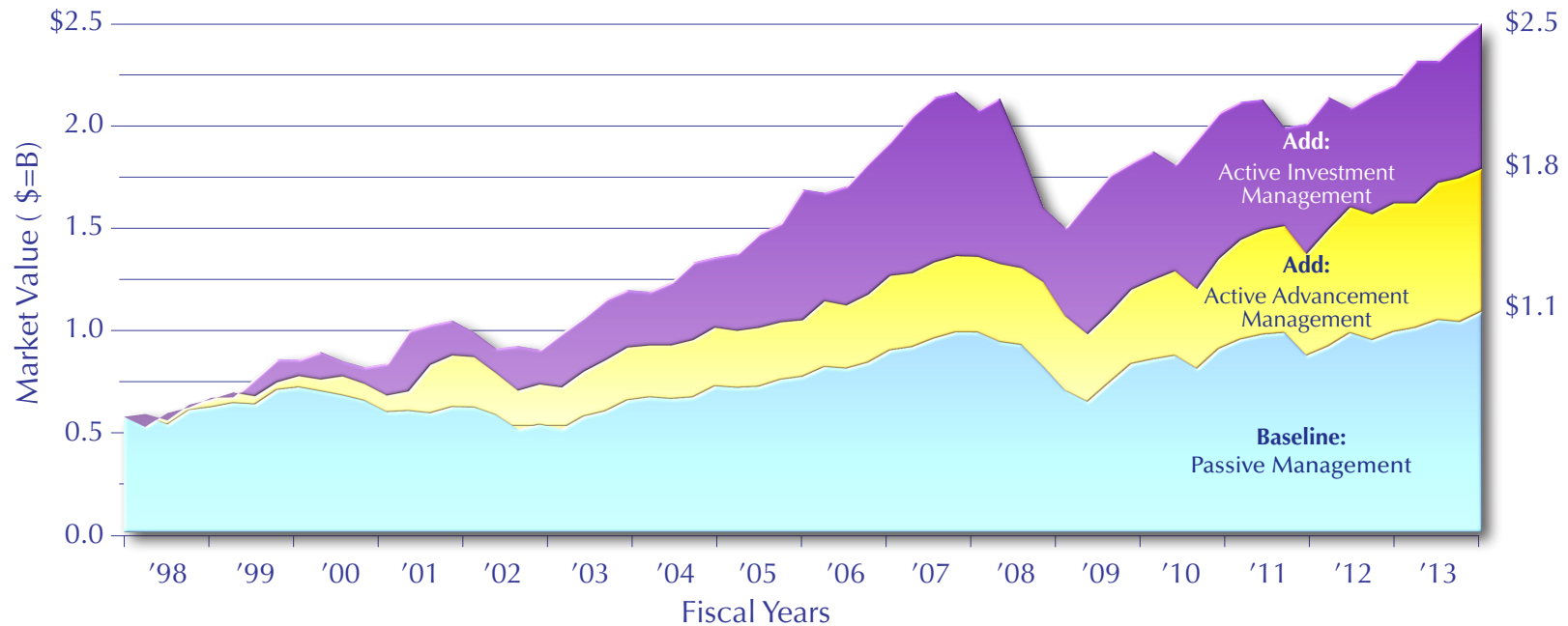
Best Absolute Performance	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	10 Years '04-'13 (Annualized)
	Emerging Markets 22.0%	Emerging Markets 30.7%	Emerging Markets 36.0%	Emerging Markets 57.4%	Fixed Income -2.9%	Emerging Markets 71.4%	Emerging Markets 26.5%	Real Assets 10.7%	Emerging Markets 21.1%	Developed Markets Equity 29.0%	Emerging Markets 14.4%
	Real Assets 20.5%	Private Equity 26.0%	Private Equity 17.4%	Private Equity 28.8%	Private Equity -4.4%	Developed Markets Equity 25.9%	Developed Markets Equity 12.9%	Private Equity 9.4%	Opportunistic ¹ 18.9%	Opportunistic ¹ 25.7%	Private Equity 11.5%
	Developed Markets Equity 15.0%	Real Assets 21.4%	Developed Markets Equity 16.0%	Real Assets 16.2%	Real Assets -22.9%	Absolute Return ² 24.2%	Absolute Return ² 10.7%	Fixed Income 1.6%	Developed Markets Equity 16.1%	Real Assets 15.0%	Developed Markets Equity 7.5%
	Absolute Return ² 12.5%	Developed Markets Equity 13.5%	Absolute Return ² 15.2%	Absolute Return ² 15.3%	Absolute Return ² -23.0%	Fixed Income 2.2%	Private Equity 10.1%	Absolute Return ² 1.5%	Private Equity 15.9%	Private Equity 12.1%	Absolute Return ² 7.5%
	Private Equity 11.9%	Absolute Return ² 10.0%	Real Assets 14.9%	Developed Markets Equity 9.0%	Developed Markets Equity -38.3%	Private Equity -7.2%	Fixed Income 2.5%	Opportunistic ¹ -0.6%	Absolute Return ² 6.8%	Absolute Return ² 9.5%	Real Assets 5.8%
	Fixed Income 3.4%	Fixed Income 4.0%	Fixed Income 5.8%	Fixed Income 8.9%	Emerging Markets -52.0%	Real Assets -13.2%	Real Assets 0.1%	Developed Markets Equity -4.6%	Real Assets 4.9%	Emerging Markets 5.1%	Fixed Income 2.7%
								Emerging Markets -15.3%	Fixed Income 1.4%	Fixed Income 1.0%	
Worst Absolute Performance											

¹ Opportunistic investment strategy added 7/1/2010
² Prior to 2008 absolute return included long / short equity investments

Emerging Markets strategy drove CEF performance over the past ten years.

Contributors of Endowment Growth

As of December 31, 2013



Assumptions

• Baseline

- CEF passively invested 70% MSCI ACWI and 30% U.S. Government bonds
- 25% of actual gift activity
- No administrative fees to advancement or investments
- \$1.1 billion CEF ending market value

• Add: Active Advancement Management

- CEF passively invested 70% MSCI ACWI and 30% U.S. Government bonds
- 100% of actual gift activity, invested passively
- 80 bps administrative fee to advancement
- \$1.8 billion CEF ending market value

• Add: Active Investment Management

- CEF actively managed with actual results shown
- 100% of actual gift activity
- 80 bps administrative fee to advancement & 20 bps administrative fee to investments
- \$2.5 billion CEF ending market value

Successful fundraising efforts, coupled with an active approach to investment management, have resulted in significant growth in the CEF over the past 16 years.

Invested Funds

Invested Funds Characteristics

IF PROFILE

Description

Locally generated operating and capital reserves of the University.

Composition

Institutional funds (57%) and funds on deposit by campus departments (43%).

Financial and Liquidity Objectives

To meet the day-to-day financial obligations of the University. Access to funds on demand under normal conditions. Maintain strong liquidity to permit cost effective debt issuance.

Investment Objective

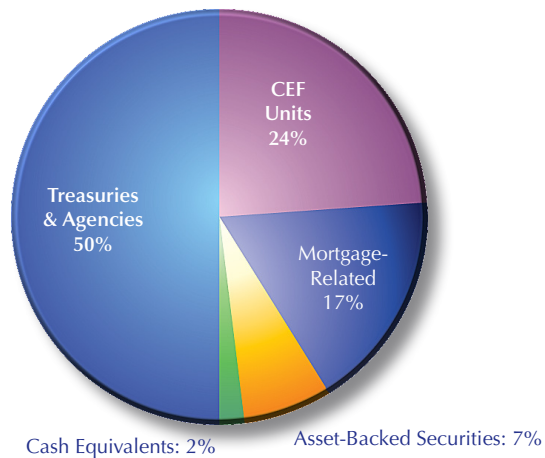
To achieve investment returns above those of money market instruments.

IF ALLOCATION BY POOL

	Fund Allocation at 12/31/13 (\$=M)		Range	Duration in Years	
				Actual	Maximum
Cash Pool	\$728	36%	10%–40%	1.0	3.0
Liquidity Pool	\$818	40%	30%–60%	3.2	5.0
Total Cash & Liquidity Pool	\$1,545	76%			
Diversified Investment Pool ¹	\$497	24%	15%–40%		
Total Invested Funds	\$2,042	100%			

¹ DIP consists of CEF units held by IF

IF MIX OF INVESTMENTS AT 12/31/13



IF RISK AND RETURN AT 12/31/13

	1 Year	3 Years	10 Years	20 Years
Total IF Return including DIP	3.1%	3.2%	4.4%	6.0%
Policy Benchmark	3.1%	3.3%	4.6%	6.0%
Total IF Return excluding DIP	-0.4%	1.7%	3.1%	4.7%
Policy Benchmark	-0.6%	1.4%	3.1%	4.6%
Three Month T-Bill	0.1%	0.1%	1.6%	2.9%
DIP Return Contribution	\$66	\$108	\$287	\$513
IF Sharpe Ratio	1.6	1.9	1.0	1.0
Policy Benchmark Sharpe Ratio	1.4	1.9	1.2	1.0

IF liquidity remains strong with the Diversified Investment Pool adding significantly to total return over the past decade.

Invested Funds: Projected Pool Allocations

Pool Allocation	Policy			
	Current		Proposed	
	Target	Range	Target	Range
Cash Pool	20%	10–40%	15%	10–40%
Liquidity Pool	50%	30–60%	40%	25–60%
Diversified Investment Pool	30%	15–40%	35%	15–45%
Capital Assets Pool	—	—	10%	0–15% ¹

¹ The Capital Asset Pool is capped at 10% while the range of 0–15% allows for market fluctuations.

Increasing exposure to the Diversified Investment Pool will mitigate interest rate risk and enhance diversification. Creation of a Capital Assets Pool requires a change to policy and will have a nominal impact on liquidity.

Appendices

Spending and Inflation

Total Nominal Return*
Required to Meet the Long-Term Spending Target

Endowment Distributions	4.0%	Long-Term Policy Rate
Advancement Office	0.8%	} Administrative Fees
Investment Office	0.2%	
Expected Inflation	3.0%	Consumer Price Index
Total Return Required	8.0%	

* Return is assumed net of investment fees (manager, consulting, custodial and legal) of approximately 50 basis points.

Required Nominal Return Matrix

Distribution Rate plus Administrative Fees

	3.0%	4.0%	5.0%	6.0%	7.0%
1.0%	4.0%	5.0%	6.0%	7.0%	8.0%
2.0%	5.0%	6.0%	7.0%	8.0%	9.0%
3.0%	6.0%	7.0%	8.0%	9.0%	10.0%
4.0%	7.0%	8.0%	9.0%	10.0%	11.0%
5.0%	8.0%	9.0%	10.0%	11.0%	12.0%
6.0%	9.0%	10.0%	11.0%	12.0%	13.0%
7.0%	10.0%	11.0%	12.0%	13.0%	14.0%
8.0%	11.0%	12.0%	13.0%	14.0%	15.0%

Inflation

 Long-Term spending plus inflation rate estimate.

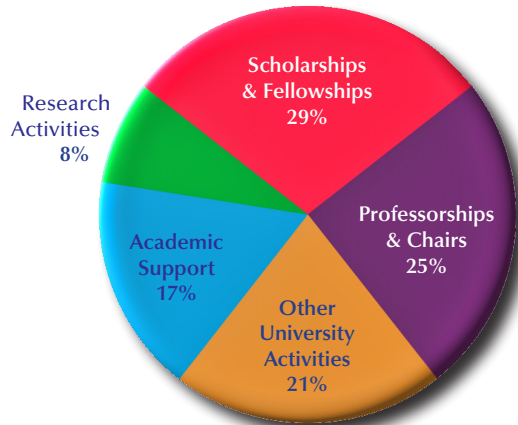
Program distributions, administrative fees and inflation are critical factors in defining a sustainable level of program support.

CEF Distributions

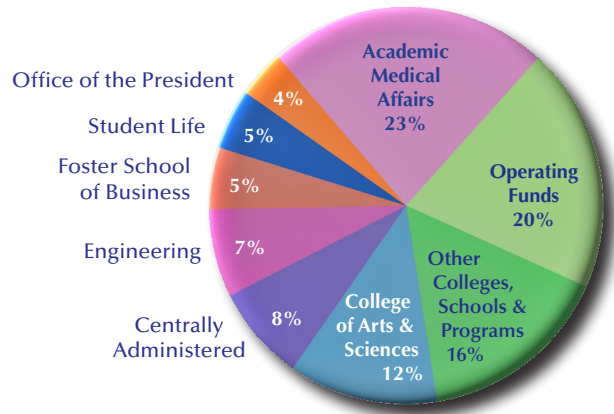
As of June 30, 2013

Endowed Program Support

Principal by Purpose



Principal by School & College



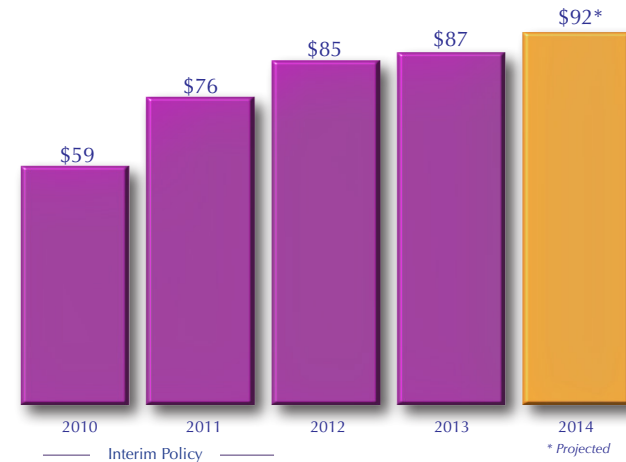
Endowment Distributions (\$=M)

As a Percentage of Total UW Revenues

Fiscal Years	Total UW Annual Revenues*	CEF Distributions	Percent
2010	\$3,923	\$59	1.5%
2011	\$4,304	\$76	1.8%
2012	\$3,924	\$85	2.2%
2013	\$4,541	\$87	1.9%

* Excludes discrete component units

Distributions by Fiscal Year



Distributions to schools and colleges have been steadily increasing post-financial crisis.

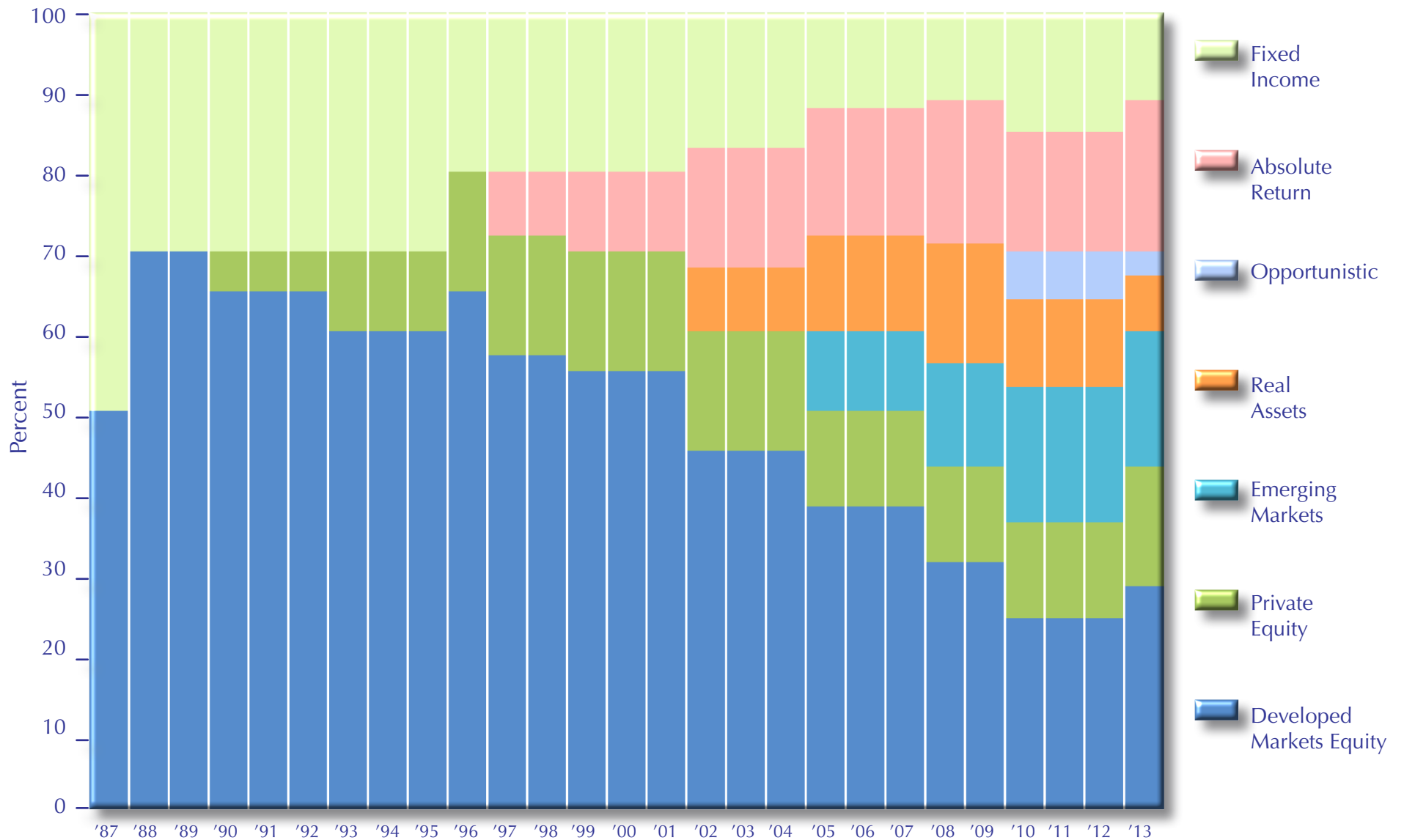
CEF Activity

As of December 31, 2013 (\$=M)

	<u>1 Year</u>	<u>3 Year</u>	<u>10 Year</u>	<u>20 Year</u>
Beginning Balance	\$2,226	\$2,088	\$1,177	\$377
Gifts	66	196	704	1,042
Transfers	8	20	92	150
Operating Funds Purchases	<u>11</u>	<u>13</u>	<u>170</u>	<u>220</u>
Total Additions	<u>\$84</u>	<u>\$229</u>	<u>\$967</u>	<u>\$1,412</u>
Net Investment Return	\$335	\$540	\$1,351	\$2,033
Distributions	(90)	(259)	(778)	(1,068)
Administrative Fees	(4)	(13)	(37)	(51)
Advancement Support	(18)	(52)	(147)	(170)
Ending Balance	<u>\$2,533</u>	<u>\$2,533</u>	<u>\$2,533</u>	<u>\$2,533</u>

CEF investment returns support endowment distributions, program management,
and Advancement funding while generating overall CEF growth.

CEF Policy Asset Allocation



Over the past twenty-five years, the CEF grew significantly in size and complexity. The portfolio today is diversified across many dimensions: asset classes, countries, sectors, investment styles and managers.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Comparative Asset Allocation, Performance, and Endowment Trends

This item is for information only.

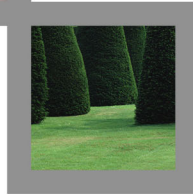
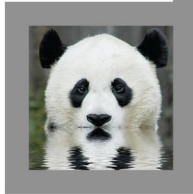
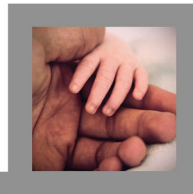
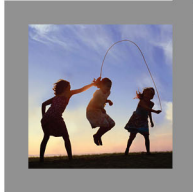
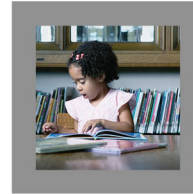
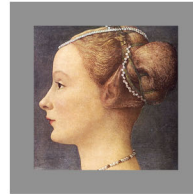
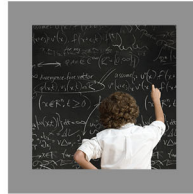
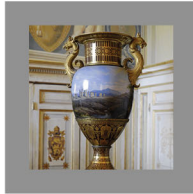
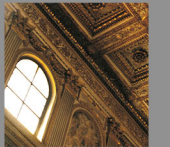
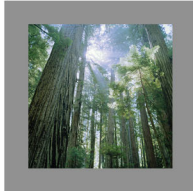
Attachment

Comparative Asset Allocation, Performance, and Endowment Trends, University of Washington – Board of Regents

May 8, 2014

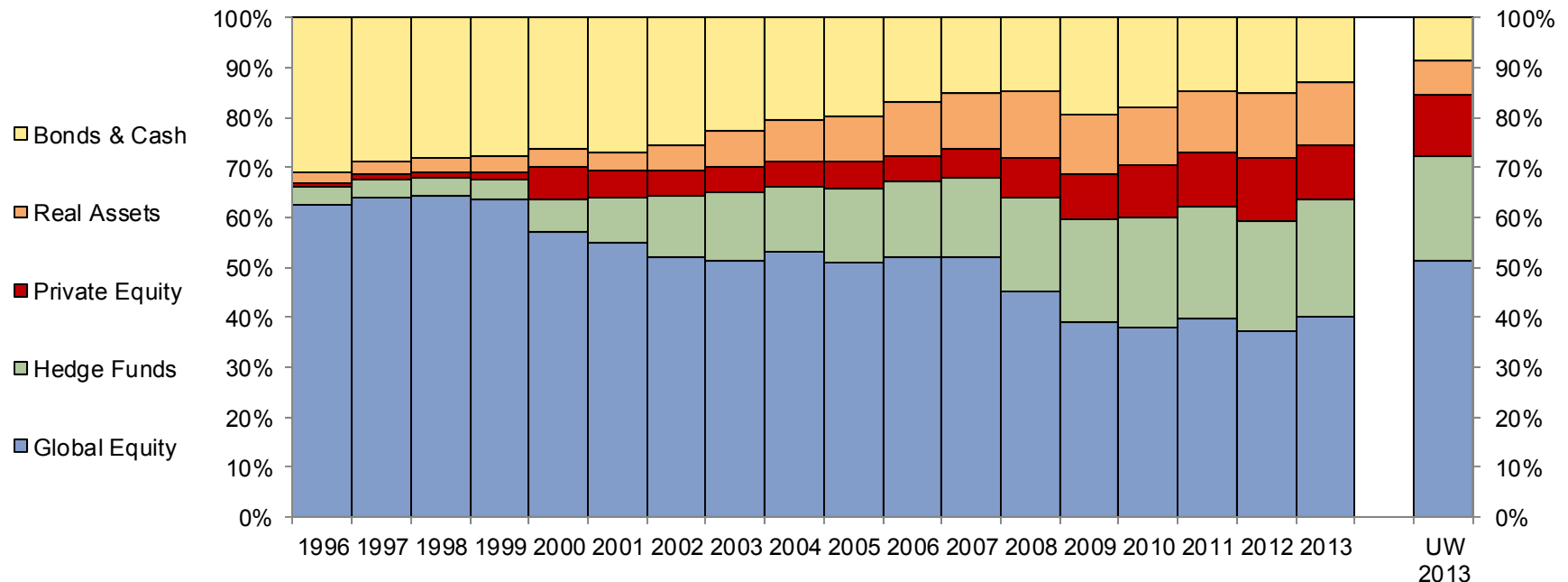
Comparative Asset Allocation, Performance, and Endowment Trends

University of Washington - Board of Regents



CAMBRIDGE ASSOCIATES LLC

Public Colleges & Universities Between \$1 -\$5 Billion



- ◆ Hedge funds, private investments, and real assets make up almost 50% of a typical endowment portfolio.
- ◆ The major shift in asset allocation was complete by 2008; more recent trends have been further reductions in bonds and increases in private investments.
- ◆ In comparison, the University's endowment holds more in traditional equity.

Note: Allocations are as of June 30.

Hedge Funds include Long-Short Hedge Funds, Absolute Return, and Distressed Securities

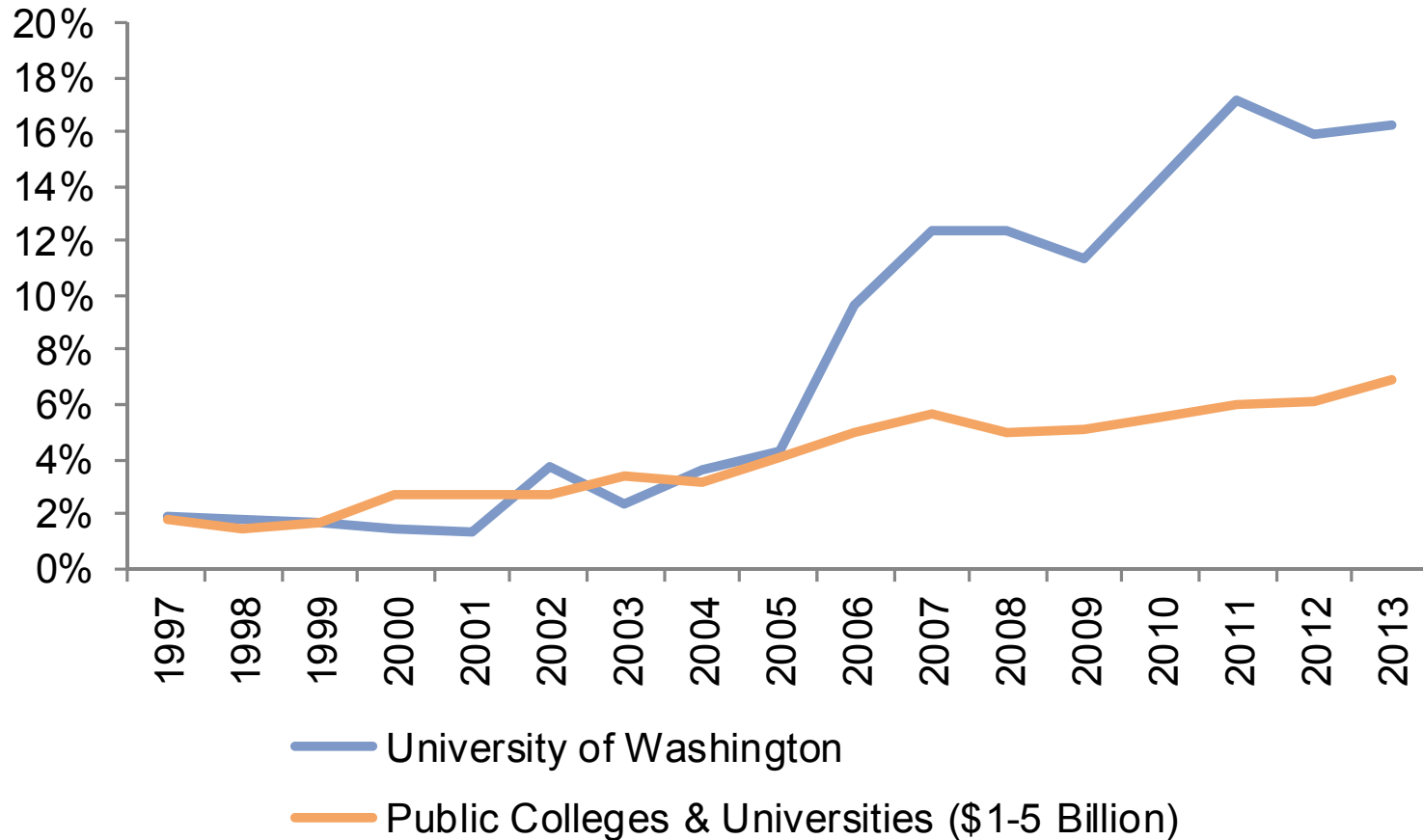
Private Investments include Venture Capital, Non-Venture Private Equity, and Other Private Investments

Real Assets include Public Real Estate, Private Real Estate, Commodities, Inflation-Linked Bonds (TIPS), Oil & Gas Partnerships, Timber, and Other Inflation-Hedging/Real Assets

Bonds includes U.S. Bonds, Non-U.S. Bonds, and High-Yield Bonds.

Historical Emerging Markets Asset Allocations

As of 6/30/2013



Note: This reflects only the marketable equity exposures

- Peers have been steadily but slowly increasing EM allocations even during the period of underperformance.
- Since 2005, EM represents an above average weight in the University of Washington's portfolio.

Over the long term the Endowment's performance has been similar to Policy's, but much better than comparable public universities'

University of Washington

Consolidated Endowment Fund (CEF) Annual Performance

For the Fiscal Years Ending June 30th

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	10 Years (Annualized)
CEF Total Return	17.8%	12.5%	17.8%	23.4%	2.0%	-23.5%	12.5%	16.0%	-0.9%	13.5%	8.2%
CEF Policy Benchmark	12.7%	11.5%	16.2%	19.1%	1.1%	-16.5%	9.8%	19.9%	1.2%	10.8%	8.0%
Over / Under Policy Benchmark	5.1%	1.0%	1.6%	4.2%	0.9%	-7.0%	2.7%	-3.9%	-2.1%	2.7%	0.2%



Outperform



Underperform

Peer Comparisons from Cambridge Associates

For the Fiscal Years Ending June 30th

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	10 Years (Annualized)
\$1 - \$5 Billion Public School Median	17.9%	11.6%	13.7%	19.8%	-1.1%	-21.0%	12.5%	21.4%	-1.0%	12.1%	7.8%
UW Quartile	3rd	2nd	1st	1st	1st	4th	3rd	4th	2nd	1st	1st

- ◆ Fixed Income
 - ◆ Institutions have slashed allocations to bonds
 - ◆ Institutions typically use shorter maturity bonds than in the past
- ◆ Private Investment allocations continue to rise slowly
 - ◆ Institutions like the return characteristics
 - ◆ Some have created ways to draw liquidity from other sources in the event of weak equity market.
- ◆ Notwithstanding recent underperformance, institutions remain committed to Emerging Markets

VII. STANDING COMMITTEES**B. Finance and Asset Management Committee**Approve Amendments to Invested Funds and Debt Management PoliciesRECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents:

1. Adopt the amended *Statement of Investment Objectives and Policy for Invested Funds (IF)* to allow for the creation of the Capital Assets Pool (CAP); and
2. Adopt the amended *Debt Management Policy – Statement of Objectives and Policies* to recognize the IF as a new source of borrowing.

BACKGROUND

The Treasury and Investments Management Offices are responsible for managing debt capacity, providing liquidity to meet operating requirements and generating cash flow for operations. Currently, the University has limited debt capacity and sufficient liquidity. Creation of the CAP would dedicate a portion of the IF for University capital investments.

The CAP would allow the University to make capital investments that could not be funded otherwise due to debt capacity constraints. It would also provide an alternative mechanism for funding capital investments in a higher interest rate environment.

Treasury will assess the project risks and the Board will approve CAP funded projects in the same manner as Internal Lending Program (ILP) funded projects. In consideration of the One Capital Plan, the debt policy and individual project risk assessments, affordability and accountability will be evaluated. Additionally, ongoing liquidity will be monitored by the Treasury and the Office of Planning and Budgeting.

As part of the ILP, users of the CAP will pay the ILP rate (currently 5.5%). The net return will pass through to the IF. Managing the size of the CAP can keep Days Cash in line with peer institutions and allow for a cushion in the event of unexpected calls on liquidity.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Approve Amendments to Invested Funds and Debt Management Policies

(continued p. 2)

POLICY AMENDMENTS

The investment policy for the IF guides how the University's operating funds will be invested. The IF policy was first adopted on May 20, 1988 and updated over time reflecting the changing nature of the University's investment program.

The proposed amendments to the IF policy authorize the investment of IF funds in capital projects through the ILP and establishes a fourth investment pool (the CAP) for this purpose. The CAP will be authorized to invest in University capital projects with maturities up to 30 years, with a target of 10 percent of the IF and a range of 0%-15% to allow for market fluctuations. Oversight of the CAP is delegated to the Senior Vice President. A few housekeeping changes are also proposed to clarify delegations and to remove language that is no longer relevant.

The University's Debt Management Policy guides how the University conducts its debt issuance and portfolio management activities, including the management of the ILP. The Debt Management Policy was first adopted on September 19, 2002 and last revised on February 13, 2014.

The proposed amendments to the Debt Management Policy provide for the funding of internal loans from University reserves.

REVIEW AND APPROVAL

This item has been reviewed and approved by the Senior Vice President, the Chief Investment Officer, and the Associate Vice President, Treasury.

Attachments

1. Annotated Statement of Investment Objectives and Policy for Invested Funds
2. Annotated Debt Management Policy – Statement of Objectives and Policies

UNIVERSITY OF WASHINGTON

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY FOR INVESTED FUNDS

Approved by Board of Regents May 20, 1988

Amended November 18, 1988; January 18, 1991; July 17, 1992; September 17, 1993; September 20, 1996; September 19, 1997; November 19, 1999; January 21, 2000; May 18, 2001; June 14, 2002; November 21, 2003; January 16, 2004; July 16, 2004; May 19, 2005; September 17, 2009; May 9, 2013; and May 8, 2014.

INTRODUCTION

The Board of Regents of the University of Washington is vested by statute with responsibility for the management of the properties of the University. This statement of investment objectives and policies governs the investment management of the Invested Funds (IF). This statement is effective until modified by the Board.

The Board has delegated to its Finance, Audit and Facilities Committee (FAF) the responsibility for overseeing the investment program within the general principles enumerated herein. In May 2001, the Board approved the establishment of an advisory committee (UWINCO) consisting of both Board members and external investment professionals. In 2004, the Board approved the appointment of the University's first Chief Investment Officer (CIO) to manage the day to day activities of the investment portfolios.

A. INVESTMENT OBJECTIVES

1. The overall financial objective of the IF is to enable the University to meet its financial obligations as they come due. A secondary objective is to achieve investment returns above those of money market instruments.
2. The investment performance of the IF will be evaluated, on a risk-adjusted basis, relative to a blend of market indices that reflect the overall asset allocation of the fund.

No change.

B. INVESTMENT MANAGEMENT STRUCTURE

1. The IF will be invested primarily by external investment management firms. External investment management firms will be selected on the basis of factors including but not limited to the following: the experience of key personnel; investment philosophy; assets under management; organizational structure; performance record; investment management fees; and the firm's ethical and financial viability.

2. Funds may also be invested in bank short-term investment funds and in approved instruments managed internally by University financial personnel.
3. Funds may be invested in capital projects through the University's Internal Lending Program, a program managed by University financial personnel.

Addition of capital project investments managed by University financial personnel

C. PORTFOLIO COMPOSITION AND POOL ALLOCATION

1. The IF shall be divided into ~~three~~ **four** pools:

Pool Allocation

	Policy		
	Target	Range	Global Range
Cash Pool^(2,4,5,6)	20%	10-40%	0-40%
Cash Pool^(2,4,5,6)	15%	10-40%	0-40%
Liquidity Pool^(3,4,5,6)	50%	30-60%	0-25%
Liquidity Pool^(3,4,5,6)	40%	25-60%	0-25%
Diversified Investment Pool (DIP)^(6,8)	30%	15-40%	
Diversified Investment Pool (DIP)^(6,7)	35%	15-45%	
Capital Assets Pool (CAP)⁽⁸⁾	10%	0-15%	

Pool targets and ranges have been redefined to accommodate the new Capital Assets Pool (CAP) and to further diversify the fund as a whole.

The intention is to limit the CAP allocation to 10% of the IF with the range in place to allow for market fluctuations.

2. The Cash Pool will be invested in a portfolio of high quality short to intermediate-term fixed-income securities. The maximum average duration of the portfolio will be three years. The Cash Pool will have an average quality rating of "AA".
3. The Liquidity Pool will be invested in a portfolio of high quality intermediate-term fixed-income securities. The maximum average duration of the Portfolio will be five years. The Liquidity Pool will have at least twenty-five percent of its funds invested in obligations of the U.S. Government and its agencies. The Liquidity Pool will have an average quality rating of at least "A".
4. Global strategies may be employed in the Cash Pool and the Liquidity Pool if so specified under individual investment manager guidelines. Non-U.S. fixed-income securities will be subject to the equivalent quality and duration guidelines as domestic fixed-income securities.
5. Direct and derivative investments in fixed income substitutes may be used in the Cash Pool and the Liquidity Pool to improve the aggregate risk / return profile of the IF.
6. Direct investments in tobacco companies are prohibited.

7. The Diversified Investment Pool (DIP) will invest directly in the Consolidated Endowment Fund (CEF) through the periodic purchase and sale of CEF units. The DIP may also contain direct or indirect investments in targeted strategies designed to improve the risk profile and/or enhance the performance of the IF. Provisions applicable to the investment in CEF units are contained in the “Statement of Investment Objectives and Policy for the Consolidated Endowment Fund.
8. The Capital Assets Pool may be invested in University capital projects with maturities of up to thirty years. The Capital Assets Pool is capped at 10% of the IF while the range of 0 – 15% allows for market fluctuations.

D. GUIDELINES FOR THE INVESTMENT POOLS

1. The objective of the Cash Pool is to meet the day-to-day obligations of the University.
2. The objective of the Liquidity Pool is to provide a liquid source of funds in the event the Cash Pool is insufficient to meet the University’s cash needs.
3. The objective of the Diversified Investment Pool is to provide a flow of financial support to University programs that will grow at least as fast as the rate of inflation (as measured by the Consumer Price Index). In addition, the DIP shall provide a source of funds in the very unlikely event the Cash Pool and Liquidity Pool are insufficient to meet the University’s day-to-day obligations.
4. The objective of the Capital Assets Pool is to provide a source of funds for University capital projects.
- ~~5. The IF may include state funds for which there are investment limitations established by law or regulation. The University will ensure that there are sufficient legally allowable securities in the pool to collateralize the state funds position by 102 percent. State funds are defined as funds appropriated by the legislature and local funds used to offset such appropriations. This definition includes both the state general fund and the general/local fund but does not include the dedicated local fund (indirect cost recoveries) or the restricted local fund (gifts, grants and contracts). It also excludes cash balances of the University’s business enterprises, annuity and life income funds, endowments, and trust funds.~~

The Capital Assets Pool creates a funding alternative for University capital projects.

Housekeeping change: Deletion of legacy language from the 1980’s when the operating funds of the University were managed in house. Paragraph not relevant today.

E. GUIDELINES FOR TRANSACTIONS

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best-realized price. Commissions may be designated for payment of services rendered to the University in connection with investment management.

No change.

F. MONITORING OF OBJECTIVES AND RESULTS

1. All objectives and policies are in effect until modified. The Finance, Audit and Facilities Committee with advice from the Treasurer of the Board of Regents, the Senior Vice President, the Chief Investment Officer and UWINCO will review these periodically for their continued appropriateness.
2. The IF will be monitored on a continual basis for consistency in investment philosophy; return relative to objectives; investment risk as measured by asset concentrations; exposure to extreme economic conditions; and market volatility. Performance will be reviewed at least annually by the Finance, Audit and Facilities Committee. Results will be evaluated over longer time frames including the inception period, running three- to five-year periods, and complete market cycles.
3. The CIO will review the individual managers as needed in order to confirm that performance expectations remain in place. In addition, portfolio activity will be reported on a regular basis to UWINCO and the Chair of the Finance, Audit and Facilities Committee.
4. A statement of investment objectives and guidelines will be maintained for each public investment manager where the University's assets are managed in a separate account.

No change.

G. DELEGATIONS

Delegations related to the management of the University's investment portfolios are as follows:

1. Board of Regents:
 - a. Approve investment policies which guide the management of the University's investment portfolios. This includes but is not limited to the portfolio composition and pool allocation, investment objectives, pool guidelines, performance goals and delegations.
 - ~~b. Approve campus loans when total internal lending activity exceeds five percent of the IF.~~

*Delegations to the Board or Regents and to the Senior Vice President regarding internal lending is deleted.
The process for internal lending is handled in the Board-approved debt management policy.*

- c. Approve all interfund loans to the CEF.
 - d. Approve appointment and reappointment of Regent and non-Regent UWINCO members.
 - e. Approve the UWINCO “Statement of Principles” which addresses the administrative functioning of the Investment Committee.
 - f. Approve appointment of the Chief Investment Officer.
 - g. Approve appointment of the Treasurer of the Board of Regents.
2. Chair of the Board of Regents:
- a. Recommend members of the UWINCO for formal approval by the Board of Regents. Recommendations will be made in consultation with the Chair of UWINCO and the President of the University (and/or his designee).
 - b. Designate the Chair of UWINCO.
 - c. Approve investment manager appointments and direct investments when the CIO is unavailable or unable to do so.
3. Finance, Audit and Facilities Committee:
- a. Oversee the University’s investment programs within the broad guidelines established by the investment policies.
 - b. Appoint the University’s investment consultant(s).
 - c. Review the asset allocation and strategy recommendations of the CIO and UWINCO. Recommend policy changes as appropriate to the Board of Regents.
4. Investment Committee (UWINCO):
- a. Advise the Finance, Audit and Facilities Committee, the Senior Vice President and the Chief Investment Officer on matters relating to the management of the University’s investment portfolios. This includes, but is not limited to, advice on overall asset allocation, performance goals, portfolio risk, new investment strategies, strategy implementation, manager identification and due diligence.
 - b. Adhere to the UWINCO “Statement of Principles.”
5. Senior Vice President:
- a. **Oversee Capital Assets Pool usage within the broad parameters established under this policy statement.**
 - b. ~~Loan funds from the IF for periods up to five years to campus departments as long as such loans do not materially reduce the investment return to the Fund. This authority is limited to five percent of the IF and is independent of that may be exercised under the authority of the Board. (See Paragraph~~

Oversight of the Capital Assets Pool is delegated to the Senior Vice President.

~~G.1.e)~~

- c. Administer internal fees for management and administrative activities related to the IF.
- d. Approve use of professional staff bonus pool.
- e. Assume supervisory responsibility for the CIO position.

6. Treasurer of the Board of Regents:

- a. Approve investment custodian appointment(s).
- b. Assume the responsibilities of the CIO when the position is vacant. The exceptions to this delegation are the appointment of investment managers and the approval of direct investments which are extended to the Chair of the Board of Regents.
- c. Execute securities transactions in conjunction with the day-to-day management of the investment program.
- d. Execute investment management agreements, limited partnership agreements, custody agreements and other investment related documents upon satisfactory completion of reviews as appropriate by the State Attorney General, outside legal counsel and the University's investment consultant.

7. Chief Investment Officer:

- a. Manage the day-to-day activities of the University's investment portfolios within the broad guidelines established by the investment policies.
- b. Seek the advice of the University's investment consultant(s) and members of the UWINCO on issues related to the management of the investment portfolios. Incorporate such advice in the implementation of the investment program.
- c. Appoint new investment managers and follow-on limited partnership investments and approve direct investments. Approved investments shall fall within the policy guidelines adopted by the Board of Regents.
- d. Approve the dollar value of assets allocated to new and existing investment managers and reallocate assets among managers in accordance with long-term strategic targets.
- e. Approve individual investment manager guidelines.
- f. Monitor individual investment managers on a regular basis to ensure that performance and compliance expectations are met.
- g. Monitor aggregate portfolio risk.
- h. Approve use of derivatives to manage the aggregate

portfolio risk/return profile. This includes the use of swaps, options, futures and other derivative products to adjust exposures, to equitize cash, or to rebalance across asset classes.

- i. Approve appropriate usage and timing of leveraged strategies within the IF.
- j. Terminate investment managers, liquidate limited partnership interests and/or reduce strategy exposures through other means. This authority is typically exercised due to performance concerns, organizational changes, or structural considerations within the UW investment portfolio.
- k. Take action as appropriate in support of shareholder resolutions related to human rights in Burma.

UNIVERSITY OF WASHINGTON
DEBT MANAGEMENT POLICY
STATEMENT OF OBJECTIVES AND POLICIES

Approved by the Board of Regents, September 19, 2002

Amended July 16, 2004; May 15, 2008; July 12, 2012; February 13, 2014; and May 8, 2014

OVERVIEW

This statement of objectives and policies addresses the University's Internal Lending Program ("Program") and the active management of the institution's external debt portfolio.

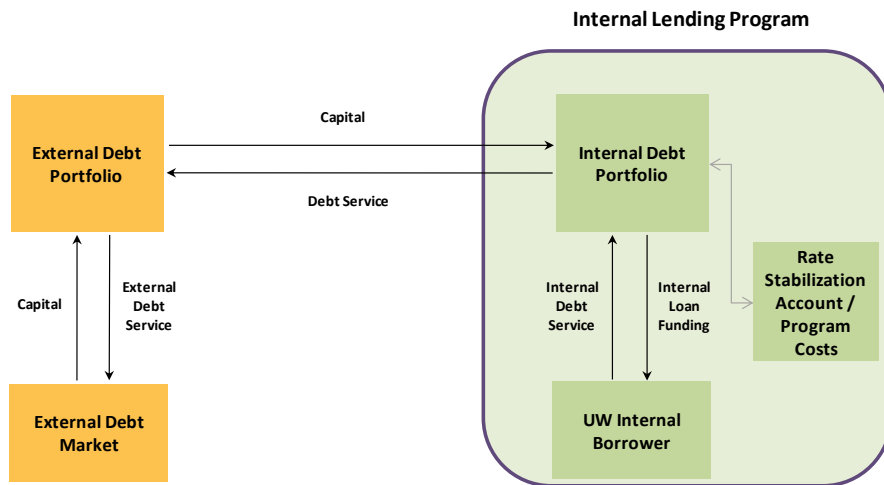
The Internal Lending Program will make loans to internal borrowers at a uniform internal lending rate. These internal loans will be funded through the issuance of University General Revenue debt obligations **and from University reserves**.

The University's internal loan portfolio will ~~be comprised of~~ **include** the outstanding loans to internal borrowers, while the institution's external debt portfolio will ~~be comprised of~~ **include** the institution's outstanding short-term and long-term **external** debt obligations, **and borrowing from University reserves**. The external debt portfolio will be actively managed to reduce the institution's cost of capital and to achieve stability and predictability in the internal lending rate. Active management of the external debt portfolio will entail the use of risk-evaluated debt structures and debt management techniques to achieve the lowest risk-adjusted cost of capital consistent with market conditions and institutional credit considerations.

The management of the Internal Lending Program and the external debt portfolio will be performed in accordance with policies set forth in this document and University debt management guidelines.

The diagram below outlines the relationship between the University's internal borrowers, the Internal Lending Program, and the external debt market:

Adds University reserves as a funding source.



This statement of objectives and policies includes:

- A. Introduction. Statement of overall objectives, management, and reporting.
- B. Internal Lending Program. Description of Program scope, loan categories, internal lending rate, loan agreement, and Program fund.
- C. Debt portfolio management. Description of external debt portfolio management objectives, institutional credit rating, core financial benchmarks, debt structure, refunding bonds, and financial derivatives.
- D. Roles and responsibilities. Description of roles and responsibilities relating to the management of the Program and the University's external debt portfolio.

No changes.

A. Introduction

- 1. Objectives. The primary objectives of the Internal Lending Program and active management of the University's external debt portfolio are to provide internal borrowers with access to funds at more stable and predictable interest rates and to reduce the institution's risk-adjusted cost of capital.
- 2. Management. The Program and the University's external debt portfolio will be managed by the Treasury Office under authority granted to the President by the Board of Regents.
- 3. Reporting. A report on the Program and the University's external debt portfolio will be presented annually to the Finance and Asset Management Committee of the Board of Regents.

B. Internal Lending Program

The Internal Lending Program will make funds available to internal borrowers at a uniform interest rate that reflects the University's cost of capital.

1. Program scope. The Program will encompass all institutional financing needs, except as noted below. Alternative arrangements for any other financing action will require the approval of the Board of Regents.

Financing actions exempted from participation in the Internal Lending Program:

- a. Debt repaid from appropriated University local funds (e.g., debt supported by Metro Tract revenue)
 - b. Debt issued by an external entity on behalf of the University (e.g., 63-20, public-private, conduit financings)
 - c. Financings consisting solely of personal property.
 - d. Credit lines
2. Loan Types. Loan types for internal borrowing will include:
 - a. Large capital expenditures (above \$15 million). The approval of the Board of Regents will be required for capital expenditure loans exceeding \$15 million. The maximum term of these loans will be 30 years (or the estimated useful life of the facilities).
 - b. Small capital expenditures (less than \$15 million). The approval of the Treasurer of the Board of Regents will be required for capital expenditure loans up to \$15 million. The maximum term of these loans will be 15 years (or the estimated useful life of the facilities).
 - c. Operating loans. Short-term working capital loans up to \$25 million and with a maximum term of two years will be available. Operating loans up to \$15 million will require the approval of the Treasurer of the Board of Regents. Operating loans exceeding \$15 million will require the approval of the Board of Regents. An additional 200 basis points (2.0 percent) above the prevailing internal lending rate will be charged on outstanding balances and a commitment fee of 10 basis points (0.10 percent) will be charged on any unused balance. The aggregate total of operating loan commitments will not exceed 30 percent of the University's commercial paper line of credit without the approval of the Treasurer of the Board of Regents.
 3. Internal Lending Rate. An internal lending rate will be uniformly applied to all loans approved after Program implementation. The rate will reflect the external debt portfolio's weighted average interest rate and will include funding for Program operating costs and a rate stabilization account.
 - a. Rate adjustment. The internal lending rate will be reviewed annually and will be subject to adjustment by the Board of Regents. Any

No changes.

adjustment will comply with Program fund policies described in this document. Any preliminary indication of a rate adjustment will be announced to Program participants twelve months in advance of the effective date of the adjustment. Any formal proposal for a final rate adjustment will be announced to Program participants six months in advance of the effective date of the adjustment and updated internal repayment schedules reflecting the new rate will be distributed to Program participants within 45 days of this announcement.

- b. Application. Adjustments to the internal lending rate will apply to all Program debt, including outstanding debt obligations incurred prior to Program implementation.
4. Program fund policies. Payments to the Internal Lending Program will be made monthly and held in a Program fund. External debt service payments will be made from the Program fund and all interest earnings will be retained in the Program fund. The Program fund will be managed according to the policies set forth below. Exceptions to these policies will require the approval of the Board of Regents.
- a. Operating level. The Program fund will be maintained at a level that enables the University to meet its Program obligations, including Program operating costs, debt portfolio management expenses, principal and interest on external debt, and a rate stabilization account maintained as described below. An accounting of Program fund activities will be included in the annual Program report to the Board of Regents.
 - b. Rate stabilization account. The rate stabilization account will be managed to preserve the stability of the internal lending rate after considering forecasted external borrowing, changes in financial market conditions, and Program operating requirements. The minimum balance of the rate stabilization fund will be sufficient to buffer against an increase in the internal lending rate from a two standard deviation increase in the Municipal Market Data (MMD) long-term municipal bond rate or equivalent index over the next twenty-four months with an 80 percent confidence level.
 - c. Program operating expenses. Program operating expenses, including the costs of staffing, facilities, equipment, supplies, and fees, will be paid from the Program fund.
 - d. Loans funded from reserves. Program reserves may be used to fund internal loans.
 - e. Debt portfolio management expenses. Expenses associated with actively managing the University's external debt portfolio, including the costs of debt issuance, loan restructuring, and financial derivative transactions, will be paid from the Program fund.
 - f. Other University purposes. Withdrawals from the Program fund for University purposes other than those described in this section, will require the approval of the Board of Regents. A list of Program fund

No changes.

withdrawals will be included in the annual Program report to the Board of Regents.

5. Internal financing agreement. An internal financing agreement describing the loan structure and repayment terms will be required for all loans. The loan agreement may also include the following:
 - a. Borrower's financial condition and performance. Specific operating benchmarks to be achieved and/or maintained by the borrower during the term of the loan, which could include cash reserve targets and/or a plan of remediation for failure to comply with loan covenants.
 - b. Reporting. Annual reviews and/or audits of the borrower's financial condition and performance, including identification of any changes in, or other factors relating to, facility occupancy or facility/equipment use that could affect the tax-related status of University debt.

C. Debt Portfolio Management

The University's external debt portfolio will be actively managed to maintain the stability of the internal lending rate and to minimize the University's risk-adjusted cost of capital over the long term. The University will use short-term and long-term fixed and variable interest rate debt obligations, bond refundings, and financial derivatives to achieve this goal within the following guidelines:

No changes.

1. Objective. The objective of actively managing the University's external debt portfolio will be to achieve the lowest risk-adjusted cost of capital consistent with market conditions and credit rating parameters set forth below. Active management decisions will take into consideration relevant risks and terms that include, but are not limited to, market conditions, bond refunding savings, call options, variable interest rate bond remarketing and auction expenses, and liquidity, tax, and counterparty risks.
2. Portfolio Credit Standard. The University will manage its external debt portfolio to maintain a minimum "A" category credit rating on its General Revenue obligations as evaluated by Moody's Investors Service and Standard & Poor's rating agencies.
3. Debt structure. The University may issue fixed-rate, variable-rate (up to 20 percent of the external debt portfolio), non-amortizing, and other forms of short-term and long-term debt to achieve its external debt portfolio management objectives.
4. Refunding bonds. The University may issue current and advance refunding bonds to lower or maintain the University's cost of capital over time. Refunding bonds will be issued to capture economic benefit and to restructure the debt portfolio in order to achieve longer-term strategic objectives.

5. Financial derivatives. The University may enter into financial derivative transactions to manage the institution's exposure to interest rate risk, reduce all-in borrowing costs of the external debt portfolio, and/or to manage other risks of the external debt portfolio that could adversely affect the internal lending rate or the Internal Lending Program. The University will enter into financial derivative transactions following guidelines in the University's Interest Rate Swap Policy. The University will not enter into financial derivative transactions for speculative purposes.
6. Core financial ratios. The University will use the following core financial ratios as performance benchmarks to evaluate institutional debt capacity. These ratios will be calculated and reported annually.
 - a. Expendable resources-to-debt. Target range: 1.5 – 3.0 times. This balance sheet ratio measures the availability of unrestricted funds to cover all outstanding debt.

$$\frac{\text{Expendable Financial Resources}^*}{\text{Direct University Debt}}$$

- b. Debt service-to-operations. Target range: 2.5% – 5.0%. This statement-of-activities ratio measures the level of debt service on all outstanding debt as a percentage of overall operating expenses. (For non-amortizing bonds, principal will be assumed to be repaid in equal annual amounts).

$$\frac{\text{Peak Annual Debt Service}^*}{\text{Total Operating Expenses}}$$

(*As defined by Moody's Investors Service)

D. Roles and Responsibilities

1. Board of Regents
 - a. Approves policies that guide the operation of the Internal Lending Program and the management of the University's external debt portfolio
 - b. Approves the annual bond resolution for the issuance of external debt **and internal borrowing**
 - c. Approves financing plans for loans above \$15 million
 - d. Delegates to the President the authority to enter into agreements to complete debt financing transactions up to \$15 million
 - e. Approves exemptions of eligible financing transactions from participation in the Internal Lending Program

Includes internal borrowing in the annual bond resolution

- f. Approves the adjustment of the internal lending rate
 - g. Approves exceptions to Program fund policies
 - h. Approves withdrawals from the Program fund for University purposes other than those described in Sections B.4.c, B.4.d and B.4.e above
 - i. Approves increases in the size of the commercial paper program
2. Finance and Asset Management Committee
- a. Recommends proposed financing actions to the Board of Regents
 - b. Receives annual reports on the Internal Lending Program and the University's external debt portfolio
3. President
- a. Delegates authority to enter into agreements to complete debt financing transactions
 - b. Delegates authority to approve loans up to \$15 million
4. Treasurer of the Board of Regents
- a. Reviews all financing actions
 - b. Approves loans up to \$15 million (as delegated)
 - c. Approves aggregate operating loan commitments that exceed 30 percent of the University's commercial paper line of credit
 - d. Approves the selection of bond counsel, financial advisor, and other financial services providers
5. Senior Associate Treasurer
- a. Oversees the day-to-day activities of the University's Internal Lending Program
 - b. Consults with the Attorney General's Office in the selection of bond counsel

No changes.

VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

2013 Internal Audit Results

This item is for information only.

Attachment

2013 Audit Results



INTERNAL AUDIT

UNIVERSITY of WASHINGTON

2013 Audit Results

Finance and Asset Management Committee
Board of Regents

May 2014

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Executive Summary

This report highlights the key goals and results of the internal audit work completed in 2013 for the University, including UW Medicine.

Audit Goals

Internal Audit's goals for 2013 were:

- Complete audits within fifteen of the highest risk ranked units of the University;
- Provide the University with value added recommendations to improve controls, mitigate identified risks and increase efficiency of operations;
- Complete internal control reviews of departments either as a request of management or due to losses of University resources;
- Continue to develop our student intern program;
- Provide training on internal controls, WA Ethics Law and other related subjects; and
- Complete a Self-Assessment and external Quality Assurance Review of Internal Audit.

Audit Results 2013

As a result of the work completed, we issued 16 audit reports related to the 2011-13 audit plans, conducted follow-up audit procedures to "close" over 130 audit findings, provided audit liaison and management advisory services, conducted investigations into ethics and/or fraud allegations, and provided controls and ethics trainings across campus. We continued to develop and expand our student intern program in 2013. We also completed our Internal Audit Self-Assessment and our external Quality Assurance Review.

The audit reports issued related to work completed in the following areas:

HMC Emergency Services	Recharge Centers
Management Accounting and Analysis	SOM/Public Health - Global Health
Airlift Northwest	School of Nursing
Hall Health	Sponsored Research Contracts
HMC/UWMC Patient Financial Access	UW Information Technology Rate Setting
HMC/UWMC McKesson Upgrade	Foster School of Business IT
NWHMC Siemens IT Contract	Internal Audit Self-Assessment
NWHMC Conflict of Interest	UW Tacoma Cash Receipts

Overall, we found the departments tested generally had good control systems in place related to financial management, operations and federal compliance. The exceptions identified resulted primarily from the lack of sufficient management oversight and monitoring rather than problems systemic at the University. We did identify one critical issue related to physician documentation of services provided in the HMC Emergency Department. We are in the process of verifying that corrective action has been taken.

Our IT audits focused on the implementation of new systems and the security, integrity, and availability of data stored in department-owned systems. Departments need to strengthen controls over risk assessment, user access, change management, and disaster recovery.

2013 Audit Results

In 2013, Internal Audit continued to emphasize the importance of strong systems of internal control. Overall, we found that internal controls are sufficient to ensure compliance with applicable regulations and policies, and to ensure that business objectives are achieved. We found one critical issue in the course of these scheduled audits related to physician documentation of services provided in the HMC Emergency Department. This issue was discussed with the HMC Finance & Audit Committee. We are in the process of verifying that corrective action has been taken by UW Medicine management.

Audit exceptions resulted primarily from lapses in management oversight, poor understanding of specific reconciliation controls and increased pressure on departments which have recently downsized. We have not seen evidence of systemic problems at the University level; however, continued pressure on downsizing of administrative units and departments will increase the risk of significant control breakdowns.

Our information system audits focused primarily on the security, integrity and availability of data stored in decentralized, department-owned systems, as well as the McKesson system at HMC/UWMC. We found departments need to strengthen controls over performance of risk assessments, user access, change control and disaster recovery. We also performed a vendor management review of the outsourced IT systems for Northwest Hospital and Medical Center.

We completed a self-assessment audit to determine our compliance with the Institute of Internal Auditors standards and identified a number of areas where we can improve. This self-assessment was used in our external Quality Assurance Review conducted by Baker Tilly LLP with the assistance of Internal Audit Executives from the University of Michigan, Johns Hopkins University and Duke University. The report was issued in early 2014.

Summary of Key Areas Audited 2013

We completed a number of audits across the University including UW Medicine. We have summarized the key risks and controls reviewed in these audits below, as well as a brief summary of recommendations to strengthen our controls from these audits.

HMC Emergency Services

We reviewed controls over medical record documentation and coding, and management reports used to monitor/address charge capture issues. We also identified the root causes for coding delays and lost charges. We identified a critical issue regarding episodes of inadequate, or lack of physician documentation. We are in the process of verifying that corrective action has been taken. We recommended improvements in controls related to physician and nursing documentation, trauma activation and shared visit documentation, contents and timeliness of management reports, and accuracy and timeliness of coding emergency services.

Summary of Key Areas Audited 2013 (cont.)

Management Accounting and Analysis

We reviewed controls over the rate setting process, allowable costs, transfers from operating accounts, and surplus/deficit conditions for recharge and cost centers at the institutional level. We identified control improvement opportunities related to the classification of recharge centers, the rate approval process, monitoring fund balances and deficit plans, and the treatment of capital equipment and leases.

Airlift Northwest

We reviewed controls over procurement, payroll, charge capture, and general information technology controls. We recommended improvements related to the authorization and validity of payroll, compliance with procurement regulations and policies, system administrator access, and IT risk assessments.

Hall Health

We performed a review of controls over service capture, SAF (Student Activities Fee) subsidies, access to the Epic medical records system, and financial reporting to the SAF committee and management. We identified control improvement opportunities related to user access to Epic, documentation of the methodology and assumptions used to develop the financial reports, and how information is reported in our financial accounting system.

HMC/UWMC Patient Financial Access

We reviewed controls over patient registration, insurance verification, pre-authorization of coverage, completion of charity care applications, collection of co-pays, and user access to the Epic system. We recommended strengthening controls over obtaining patient demographics, verifying insurance eligibility and benefits, and collection of payments.

HMC/UWMC McKesson Upgrade

We performed a post-implementation review of systems interfaces, implementation testing, user access rights, server configurations, and the accuracy of sales and use tax calculations. We noted improvements that could be made in the future related to the completeness of testing documentation and delegation of responsibility for determining tax exemption status.

NWHMC Siemens IT Contract

We reviewed controls over the vendor management of Siemens, who is contracted to manage IT services, software license agreements and hardware. We recommended that controls be strengthened over invoice approvals, vendor management policy and procedures, contracts and amendments, and service level agreements.

Summary of Key Areas Audited 2013 (cont.)

NWHMC Conflict of Interest

We reviewed controls over the conflict of interest policies for staff, employed physicians, the Board of Trustees, committee members, and officers. We recommended improvements to controls surrounding the roles of personnel and legal counsel as they relate to the conflict of interest policies and formalizing the annual conflict of interest form completion process.

Recharge Centers

We performed a review of the controls over recharge center operations which included the methodology used in developing rates, sales and billing process, and quarterly reporting to Management Accounting and Analysis by Genome Sciences and Creative Communications. We recommended improvements to controls related to the approval of recharge rates, maintenance of supporting documentation for rate calculations and service dates, timeliness of customer billing, customer authorizations, timeliness of cash deposits, and accuracy of revenues/expenses on quarterly reports.

School of Medicine and School of Public Health - Global Health

We reviewed controls over the post award fiscal management of sponsored research projects. We recommended strengthening controls over authorizations of charges to sponsored projects, budget reconciliations, oversight of subcontracts, costs associated with travel and field advances, timely reporting of financial information to Principal Investigators, grant reporting, and re-budgeting of funds.

School of Nursing

We performed a review of the controls over the post award fiscal management of sponsored research projects. We identified control improvement opportunities related to grants management oversight, allowable costs, budget reconciliations and review, authorization of expenditure transfers, and authorization of subcontract payments.

Sponsored Research Contracts

We reviewed controls over the post award fiscal management of sponsored research contracts at the Department of Mechanical Engineering, School of Aquatic and Fishery Sciences, Information School, and Department of Medicine Allergy & Infectious Diseases. We recommended that controls be strengthened related to documentation of Principal Investigator approval of budget reconciliations, and approval of purchasing transactions.

UW Information Technology Rate Setting

We reviewed internal controls over the setting of recharge rates for IT services. UW Information Technology has introduced a strong governance structure for oversight of the annual review and update process for the technology recharge fee and self-sustaining recharge rates. However, we identified some control improvement opportunities regarding documentation of the process and strengthening of controls over access to the rate calculations.

Summary of Key Areas Audited 2013 (cont.)

Foster School of Business IT

We performed an audit of general controls over IT. We recommended improvements related to encryption of confidential student data, the backup of systems and data, IT policies and procedures, IT inventory and risk/security assessments, server configuration reviews, use of service accounts, the Mackenzie Hall server room, change management, and business continuity planning.

Internal Audit Self-Assessment

We performed a self-assessment of the activities conducted by our department. The objective of the review was to ascertain our level of compliance with the Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing (Standards). We concluded that with regard to the Standards, we "generally conformed" with all but two Standards, which we "partially conformed" with. The two Standards which we partially conformed with were Standard 1000 related to purpose, authority, and responsibility, and Standard 1300 related to quality assurance and improvement programs. Based on this self-assessment we amended our charter to fully define services provided (obtained Board approval in January 2014) and engaged an independent consulting firm along with three higher education peer institutions to perform the required external quality assurance review. We are now in general conformance with all Standards.

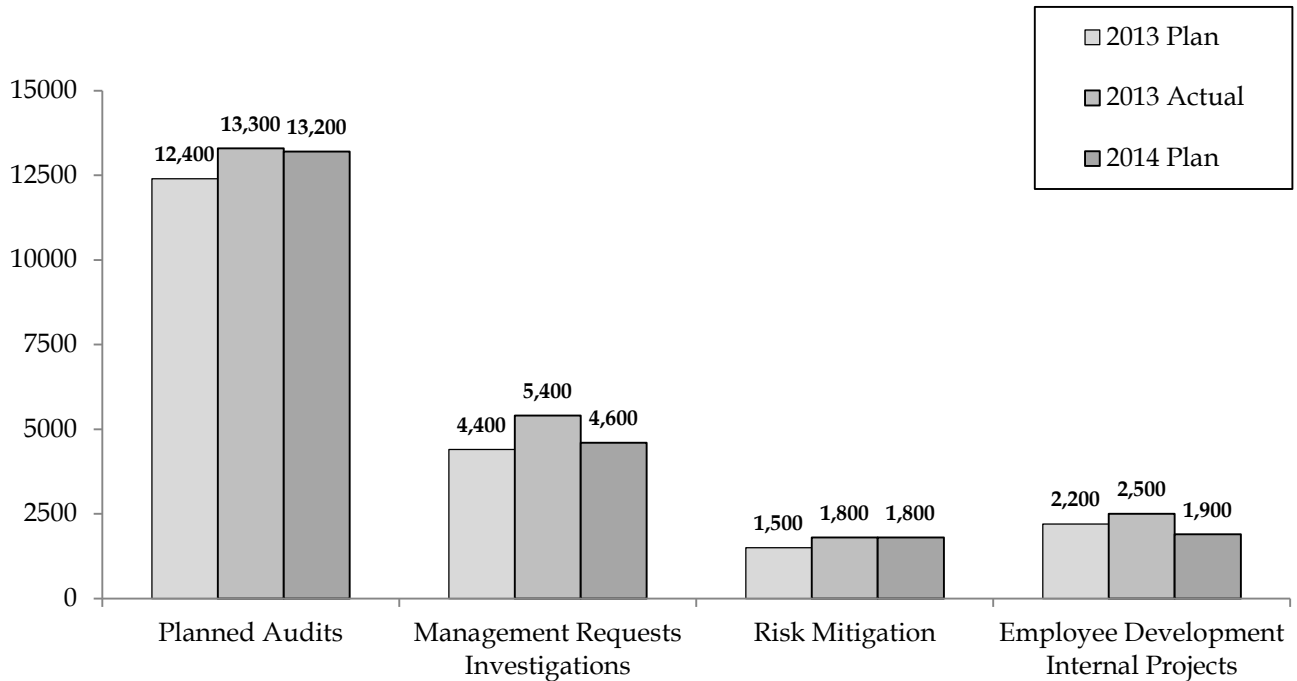
UW Tacoma Cash Receipts

We reviewed controls over the online collection of fees using a credit card, as well as the collection of KeyBank Professional Development Center's (KBPDC) tuition through a PayPal portal. We recommended strengthening controls to ensure that all KBPDC tuition that is owed is collected, proper segregation of duties in the Cashier's office, parking citations are accurately entered into database, and all online fees and tuition payments are promptly recorded and applied.

Summary of 2014 Planned Audit Changes

Our 2014 audit plan was approved by the Board of Regents at the November 2013 meeting. Due to requests from management and/or changes in the risk profile of the originally planned areas for audit, we have added a review of parking operations at Northwest Hospital and Medical Center and a review of general IT controls at the School of Social Work.

Plan to Actual Audit Hours



During calendar 2013, Internal Audit expended more audit hours in the accomplishment of planned audits, investigations, and liaison with external agencies than was originally planned. As detailed above, we exceeded planned audits, risk mitigation activities, investigations and management request hours by some 2,200 hours (approximately 1.5 FTE). We accomplished this by refocusing our efforts in these areas, experiencing lower than expected turnover, expanding our intern program and recognizing overtime hours not contemplated in the 2013 plan. Additionally, we maintained our plan to provide professional development opportunities for IA staff and provide the campus with risk mitigation services during 2013, as detailed on the following pages.

The Audit Plan estimated hours for 2014 represents a 1,000 hour increase over 2013's Audit Plan. We will continue our focus on our core activities, fill open positions within the department (one staff auditor), expect to expand our team via increased support from UW Medicine (one FTE beginning in July 2014), and continued expansion of our Intern Program. Our increase in FTE from UW Medicine will allow continued expansion of our current work across UW Medicine. Additionally, we plan to hire a student intern from the UW Information School to assist with our web presence. The planned volume of work included for investigations and management requests is at a level we consider to be reasonable based on historical averages. Additionally, we will continue to deliver trainings on internal controls, research compliance, and WA State Ethics Laws in an effort to increase awareness.

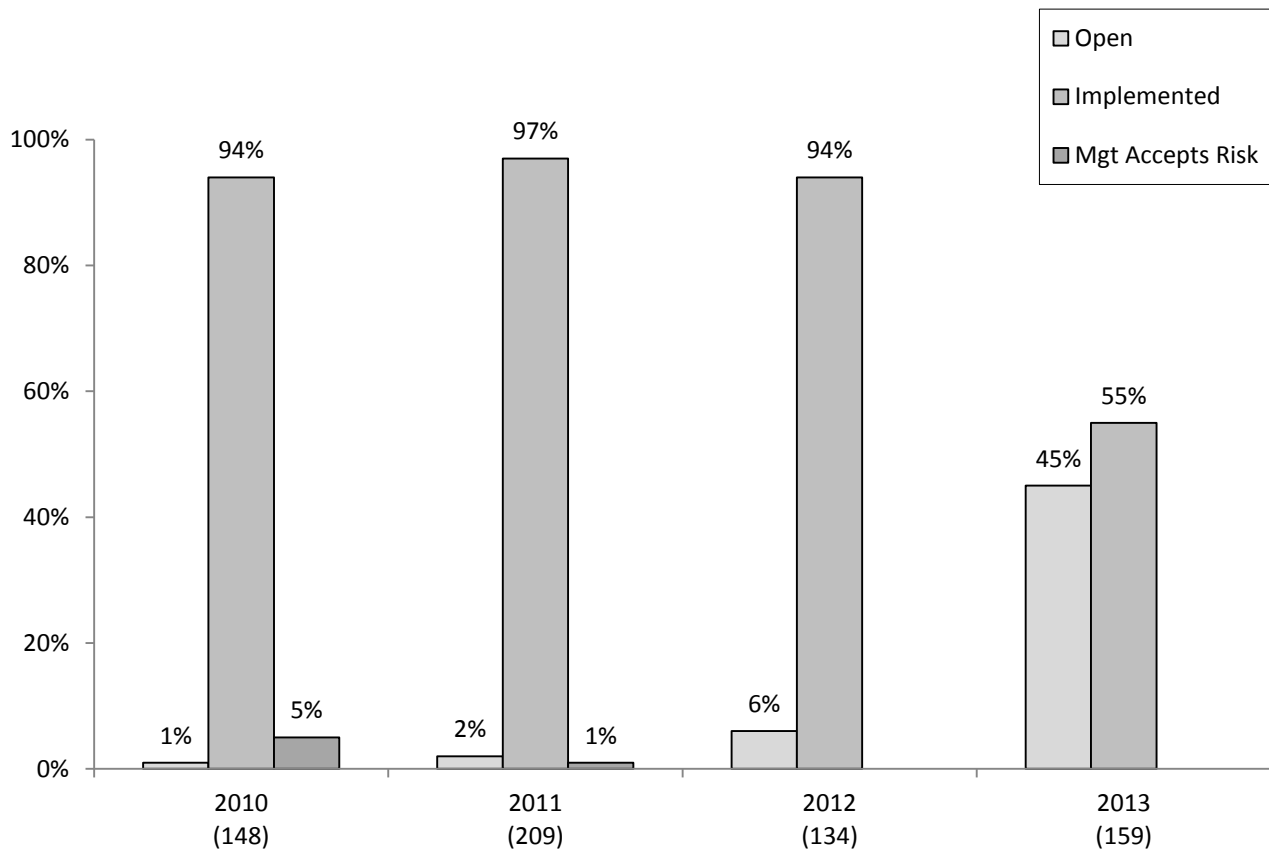
Additional Contributions by Internal Audit

Internal Audit is also involved in a number of other activities to deliver value to the University. These activities include the follow-up of previously issued audit recommendations, reviews of new IT systems and specific risk areas as requested by management, audit liaison services to the campus, the conduct of internal investigations into fraud and ethics violations, training on internal controls, advisory work on key campus committees and internal quality improvement initiatives within Internal Audit. We have summarized our involvement in these areas below.

Follow-up Audit Procedures

Semi-annually Internal Audit conducts follow-up audit procedures to ensure that management is implementing recommended controls. In 2011, we began ranking findings to provide management with Internal Audit's perspective regarding the ongoing risk of not implementing controls to address the identified audit finding. Management has promptly addressed those areas identified as high risk. In fact, Internal Audit has verified that all high risk findings from 2011 and prior have been implemented, and only four from 2012 remain open. A semi-annual report is provided to management with these same results.

Percentage of Recommendations Implemented for the Years 2010-2013



(Total Audit Recommendations by Year)

Additional Contributions by Internal Audit (cont.)

Management Requests and Advisory Services

During 2013 Internal Audit conducted a number of projects at the request of the Board of Regents and executive management. These focused on testing of controls in areas of management concern and/or consultations on controls for ongoing projects. The projects we participated in included direct assistance to KPMG with our external financial audit, a review of the process for awarding of the HR Payroll Modernization contract, and general departmental consulting on internal control questions.

Liaison Services

Internal Audit serves as liaison between central administrative offices, University departments and external auditors (federal, state and financial). The department maintains a record of all external auditors on campus, ensures documentation and information requests are understood and met, assists University staff in responding to audit findings and facilitates communication and coordination between different groups of auditors to minimize disruption to departmental activities. Additionally, we attend entrance and exit conferences and act as a focal point for putting auditors in touch with the right people at the University to answer their questions. Appendix B contains a listing of external audit organizations who conducted work at the University in 2013.

Special Investigations

Internal Audit received 40 complaints in 2013 that required our attention. Of these, we carried out or are in the process of carrying out 38 investigations related to whistleblower claims and regulatory, ethics and fraud allegations. We carry out many of these investigations as the proxy for the State Auditor's Office (whistleblower and fraud allegations), which allows Internal Audit to quickly identify control weaknesses and provide recommendations on ways to strengthen controls.

Trainings Provided

One of our goals is to continue to assist the University in their endeavor to strengthen internal controls. As such, we lead, provide and deliver trainings in the areas of Internal Controls and Fraud Prevention, Grants Management, State Ethics Laws, and Work/Leave Records Maintenance. We believe these trainings which amount to some 275 hours of work per year help strengthen the overall control environment while providing our staff with opportunities to meet with future audit clients and strengthen their presentation skills.

Additional Contributions by Internal Audit (cont.)

Participation in UW Committees

Internal Audit provides advisory input into a number of key University initiatives through its participation on committees. Our participation on committees is solely as an advisor and does not extend to a management / decision making role on the specific initiatives. We provide thoughtful input on the challenges faced by the University through an Internal Audit “lens” and focus on how any initiative impacts the control structure of the University.

A sample of the committees we participate in are: the President’s Advisory Council on Enterprise Risk Management (PACERM), the Compliance, Operations and Finance Council (COFi Council), the Privacy Assurance and Systems Security Council, the Compliance Officers Group, Omni Guidance Core Team, Meaningful Use Committee, Ambulatory EHR Implementation Committee and the Tax Strategy Team.

Quality Improvement Initiatives

Additionally, we undertook a number of internal initiatives in 2013 to increase our productivity including:

- Continuation of the development of LEAN visual boards to improve our audit process, improve client satisfaction, and improve overall time for an audit;
- Major systems upgrade and revisions to our electronic work paper system templates.

Enterprise Risk Management

Internal Audit continues to participate in the University’s process to identify, assess and mitigate enterprise-wide risks through participation in the PACERM and COFi councils. Additionally, during the course of our IA risk assessment, we considered the University’s identified highest risks, for consideration in crafting our audit plan.

Pacific Northwest Internal Audit Conference for Public Universities

Internal Audit led and participated in the fourth annual Pacific Northwest Internal Audit Conference for Public Universities. We worked with Washington State University, Western Washington University, and Oregon University System auditors to present a low cost training alternative and create an opportunity to share best practices amongst the audit departments. Other participants in 2013 included the University of Alaska, Seattle University, Evergreen College, University of British Columbia, Boise State University, University of Idaho, University of Montana, and Montana State University.

Internal Audit Internship Program

Internal Audit began a student intern program in 2011 for students majoring in Accounting or related fields. The students work during the summer of their Junior year and part-time during their Senior year in Internal Audit. They assist in the performance of audits, investigations, risk assessments, and management advisory services. This provides the students with real life experience on what it is like to be an auditor. In 2013 we employed three students as interns.

Appendices

Audit Results

During the course of calendar year 2013, we completed a number of audits that were in progress at the end of 2012, and completed or began most audits planned for 2013. Below is a summary of the progress we have made to date. Additionally, in accordance with IIA standards, we are presenting a summary of changes to 2014 planned audits, approved in November 2013.

2011 Carry-Over Audits

Audit	Status
HMC Emergency Services	Issued
Management Accounting and Analysis	Issued

2012 Carry-Over Audits

Audit	Status
Airlift Northwest	Issued
Hall Health	Issued
HMC/UWMC Patient Financial Access	Issued
HMC/UWMC McKesson Upgrade	Issued
NWHMC Siemens IT Contract	Issued
NWHMC Conflict of Interest	Issued
Recharge Centers	Issued (2 reports)
School of Medicine/Public Health - Global Health	Issued
School of Nursing	Issued
Sponsored Research Contracts	Issued (4 reports)
UW Information Technology Rate Setting	Issued
Housing Food Services IT Systems	Issued 2014
Student Course Fees	In Progress (3 of 6 reports issued)

2013 Planned Audits

Audit	Status
Foster School of Business IT	Issued
Internal Audit Self-Assessment	Issued
UW Tacoma Cash Receipts	Issued
College of the Environment - FHL	Issued 2014
Intercollegiate Athletics Compliance 2013	Issued 2014
NWHMC Meaningful Use	Issued 2014
School of Public Health/Medicine I-TECH Africa	Issued 2014
VMC Meaningful Use	Issued 2014
Center for Commercialization	In Progress
Federal Grant Allowable Costs	In Progress

2013 Planned Audits (cont.)

Audit	Status
Gift Expenditures	In Progress (6 of 12 reports issued) additional audit in response to management request
HMC/UWMC Kronos	In Progress
HMC/UWMC Pharmacy	In Progress
HMC/UWMC Quality Metrics	In Progress
Office of Minority Affairs & Diversity Gear-Up	In Progress - additional audit in response to management request
Office of Planning and Budgeting	In Progress
HMC/UWMC Contact Centers	Deferred 2014
Office of Research FCOI	Deferred 2014
School of Medicine - Anesthesiology	Deferred 2014
School of Medicine/UWP Physician Compensation	Deferred 2014
UW Information Technology EDW	Deferred 2014
UW Information Technology Network	Replaced by Foster School of Business IT
UW Tacoma Facilities Use	Replaced by UW Tacoma Cash Receipts
VMC EPIC	Replaced by VMC Meaningful Use

2014 Planned Audit Changes

Audit	Status
NWHMC parking	Additional audit in response to management request
School of Social Work IT	Additional audit in response to management request

External Auditors – 2013

Financial Statement and Agreed Upon Procedures Audits:

KPMG

University of Washington	Harborview Medical Center
Internal Lending Program	UW Medical Center
Intercollegiate Athletics	Northwest Hospital
Commuter Services	Valley Medical Center
Portage Bay Insurance	UW Physicians
UW Alumni Association	UW Physicians Network
UW Foundation	Airlift Northwest
I-Tech Field Offices	Seattle Cancer Care Alliance

Peterson Sullivan

Metro Tract	Student Life
Housing & Food Services	Student Apartments

Federal and State Regulatory Audits and Reviews:

State Auditor's Office

Audit of compliance with state laws and regulations
 Audit of federal programs in accordance with the Single Audit Act
 Whistleblower and citizen complaint investigations

Federal Agencies

Department of Labor

Financial Review – Construction Management

Health Resources and Services Administration

Grant Fiscal Controls Review – NW AIDs Center

National Institutes of Health

Grant Audit – Primate Center

National Science Foundation

University Wide Review of Grants procedures

Ocean Initiative Leadership

Property Management - Oceanography

Office of Naval Research

Property control system analysis – Equipment Inventory Office
 Procurement – Procurement Services

Public Health Foundation Enterprise

Sub Recipient Monitoring – NW AIDs Center
 Sub Recipient Monitoring – Health Sciences

External Auditors - 2013 (cont.)

State, Local, Foreign and Private Agencies

Bahamas Ministry of Health

Sub Recipient Monitoring - ITECH

European Union

Grant Audit - Jackson School

Health Share Montana

Sub Recipient Monitoring - Biomedical Informatics & Medical Education

King County

Sub Recipient Monitoring - Pediatrics

Oregon Health Sciences University

Sub Recipient Monitoring - Applied Physics Laboratory

Puget Sound Regional Council

Sub Recipient Monitoring - Built Environments

University of North Carolina - Chapel Hill

Sub Recipient Monitoring - Biostatistics

WA Department of Health

Grant Audit - HMC/UWMC

Jack Lee, Faculty Senate Chair
Report to the Regents
May 8, 2014

Thank you, Mr. Chair.

I'd like to talk about something that's been on the minds of many faculty members.

We're facing a looming crisis in higher education funding. As you all are painfully aware, state funding for the university has been cut in half since the start of the recession, and nobody knows what to expect from the legislature in the coming years.

The most important fact is that the state desperately needs what the UW has to offer. Despite our vibrant high-tech economy, Washington degree production per capita ranks in the bottom third of states. Developing a more educated population is key to stimulating the economy, as we know; but also, to increasing socioeconomic mobility; decreasing the need for prisons and healthcare and social services; and cultivating a more effective democracy. Every dollar invested in higher education produces much more than a dollar in savings and economic growth. Not only do we need to maintain and build on the quality institution that we've created, we also need some dramatic **increases** in the number of students we can serve and the number of degrees we can produce.

So what are the prospects for finding the funds to do what needs to be done? As President Young emphasized to the faculty senate a couple of weeks ago, there's no magic bullet, and we'll have to do a little of everything. But with each strategy you consider, you quickly bump into limitations.

For example, we will continue to experiment with alternative delivery and funding models, such as fee-based programs and online degrees, to see if there are ways to expand our offerings at somewhat lower costs. But research is showing that the cost of delivering high-quality online courses is, in the long run, no less than the cost of comparable face-to-face courses.

We'll continue to develop partnerships with the private sector when it serves the educational and research mission of the university. But how many private investors are prepared to support the kind of open-ended exploration that may lead to innovations ten, twenty-five, or fifty years from now?

We'll continue to tighten our belts. But we've already cut many administrative services to the bone, and students are noticing the increased class sizes and decreased availability of courses and faculty time. Over the past 20 years, the expenses that universities have to pay—services, utilities, supplies, salaries, benefits, as measured by the Higher Education Price Index—have gone up 16%, adjusted for inflation. Meanwhile, although tuition has gone up, the combined amount that students and the state together pay for an education has **not changed**, relative to inflation. We're doing more with a lot less, and there's not much farther we can go down that road. We can't move to South Carolina to decrease our costs.

We'll have to expect tuition to continue to rise somewhat. But resident undergraduate tuition has doubled in the past seven years, and the debt load of our students is becoming unsustainable. There's no wiggle room left there.

We'll continue to argue for increases in our state funding, and this administration has done an admirable job of that so far, considering the economic circumstances. But a quick look at the state budget makes it clear that the obstacles are nearly overwhelming. We know that K-12 and healthcare expenses are going to continue to demand a higher and higher portion of the state budget. Since the overall size of the pie doesn't seem to be increasing, higher ed has to struggle just to keep from falling further behind.

So is there nothing else? OK, I want to talk about the elephant in the room: **state tax revenues**. The fact that the size of the state pie is not increasing is not an immutable fact of nature. There's actually a lot of room for increasing state revenues without damaging the economy. Consider: Washington's state and local taxes as a percentage of personal income have been declining steadily for the past 20 years, and now a typical Washington family's tax burden is lower than in all but 8 other states. And the overall percentage tells only part of the story: A recent study ranked Washington's tax system as **the** most regressive in the country, with those in the bottom income quintile paying *six times* as high a percentage of their income as those in the top 1%.

Averting our funding crisis is going to depend, in the long term, on baking a bigger pie, and developing a less regressive and less volatile tax system for our state. That probably means, at the very least, decreasing tax exemptions for companies that are already doing well, and instituting a state income tax for families that are doing well.

I realize this is a hard sell in this political climate. And it's probably an especially hard sell for those of you who have responsibilities to shareholders. But you're all highly respected leaders in the state, and I know you understand the importance of education as a **public good**. I'm certainly no businessman, but smarter people than I have argued persuasively that paying taxes at a rate that can sustain a top-quality educational system is not only socially responsible, it's good business. I'd like to appeal to you all to make the case for increasing state revenues, to the legislature, to your friends, in your public speeches, in your boardrooms. I know that the last such attempt, championed by former Regent Gates a few years ago, didn't succeed; but that cannot be the end of the story. This is your university as much as it is ours or the students', and I think this is a way you can make a real difference.