

MINUTES

**UNIVERSITY OF WASHINGTON
BOARD OF REGENTS**

**Finance and Asset Management Committee
November 12, 2015
142 Gerberding Hall**

Call to Order and Attendance

Committee Chair Regent Shanahan called the meeting to order at 10:20 a.m.

Committee Members Present: Shanahan (Chair), Blake, and Harrell.

Other Regents Present: Ayer, Jaech, Kritzer, Rice, Riojas, and Simon

Others present at the table: Provost Baldasty, Faculty Senate Chair Norm Beauchamp, and ASUW Seattle President Tyler Wu.

Regent Shanahan outlined goals for the Committee, citing his parents' influence on him and how they taught him to make the most of limited resources.

- 1) Put together an effective capital process;
- 2) Don't be in a position to react, but rather be intentional;
- 3) Be accountable for the resources entrusted to the University;
- 4) Have a vision for the University and develop this into a firm plan.

All these will help to attract more "investors" to fund the gaps to achieving the University's goals.

Consent Agenda and Approval of Minutes

Hearing no objections, Regent Shanahan said that the minutes from the Committee meeting on October 8, 2015 and items F-1 through F-3 would be approved on the Consent Agenda.

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

Approve Internal Audit Planned Activities for 2016 and Internal Audit Charter (Action) (Item no. F-2)

Life Sciences Building – Approve the Site, Budget, Financing, and Donor Naming Opportunities Plan (Action) (Item no. F-3)

UW One Capital Plan (Information) (Item no. F-4)

Paul Jenny, Senior Vice President, Planning and Management and Mike McCormick, Associate Vice President, Capital Planning and Development, demonstrated a new capital planning metrics website. This will illustrate the tradeoff between aspiration and affordability. Regent Blake suggested linking utilization numbers with spaces and requested utilization goals be shown. The scorecard will add data on business equity, reporting for certified businesses, but also track non-certified minority and women-owned business enterprises. Regent Kritzer emphasized involving students in future capital planning and projects.

Chris Malins, Associate Vice President, Treasury, presented a report on debt.

Housing Master Plan and North Campus Housing Phase IV(a) Project Update (Information)
(Item no. F-5)

Paul Jenny, introduced Pam Schreiber, Executive Director, Housing and Food Services, who presented the plan for the first part of Phase IV, new student housing in the north campus area. She said there is currently high demand and overcrowding in residence halls. McCarty, Haggett, and McMahan, the existing north campus halls, are reaching the end of their useful lives and will demand extensive capital investment. Phase IV(a) proposes demolition of McCarty and replacement with three new buildings. Phase IV(b) will be demolition of Haggett and replacement with two new buildings. Thirty percent of the new rooms would be offered at lower rate options. At the completion of Phase IV, McMahan Hall will be studied to identify the appropriate options considering strategic needs and available resources and may be converted for academic use, remodeled for continued use as a student residence, or demolished, making the site available for future use. Mr. Wu advocated for student input into the process and decisions.

Bill Starkey, Senior Associate Treasurer, Treasury, was available to address concerns about the funding for the project.

2018 Campus Master Plan Update (Information) (Item no. F-6)

Paul Jenny; Theresa Doherty, Senior Project Director, Planning and Management; and Rebecca Barnes, University Architect, Associate Vice Provost of Campus/Capital Plan, Office of the University Architect, Planning and Management presented an update on the 2018 campus master plan. Regent Shanahan said it was “really cool” and aspirational and that the University would weigh the trade-off between space and money. He praised the retention of green space in the plan.

Transforming Administration Program (TAP) Regent Update (Information) (Item no. F-7)

Due to time constraints, this item was removed from the committee meeting agenda and postponed to a future meeting.

HR/Payroll Modernization Update (Information) (Item no. F-8)

Kelli Trosvig, Vice President for UW Information Technology and Chief Information Officer, highlighted significant issues faced by the HR/Payroll Modernization project.

- 1) Integrating enrollment with the State Health Care Authority;
- 2) An issue with the UW Hires enterprise application – not ready for testing;
- 3) Cultural change issues – getting to standard business practices, exercising “change management.”

Ms. Trosvig thanked Aaron Powell, Associate Vice President for Information Management, UW-IT and Interim Executive Program Director for HR/P Modernization Program, for his role in the project.

Regent Shanahan asked about the technical risks to implementation. Ms. Trosvig said the team did not embrace “software as a service” at the beginning of the project.

Provost Baldasty, on behalf of President Cauce, said Ms. Trosvig has the energy, focus, and skill to successfully implement this project.

UW Medicine Harborview Contract (Action) (Item no. F-9)

Johnese Spisso, Chief Health System Officer, UW Medicine and Vice President Medicine, UW Medicine Health System, provided a brief update on UW Medicine’s contractual relationship with Harborview Medical Center and King County.

Dr. Ramsey; Lori Mitchell, Chief Financial Officer, UW Medicine; Margaret Peyton, Associate Director for Business and Legal Affairs, UW Medicine; and Jane Yung, Assistant Attorney General, Attorney General's Office, UW Division were present to provide background and information.

Regent Harrell moved, Regent Blake seconded, and the Committee voted to approve delegation of authority to the University President and the Chief Executive Officer of UW Medicine, Executive Vice-President for Medical Affairs and Dean, School of Medicine, to execute the proposed Hospital Management Agreement for Harborview Medical Center with King County under the following conditions:

- 1) Consultation and final confirmation by the Chair of the Finance and Asset Management Committee, and the Board of Regents representatives to the UW Medicine Board, that all outstanding issues have been sufficiently addressed and appropriate procedures to update UW Medicine Board bylaws are in place;
- 2) Final adoption of the Hospital Management Agreement by the King County Council on or before December 31, 2015.

If the conditions are not met, UW Medicine must bring the Hospital Management Agreement back to the full Board for review in 2016 prior to any action.

UW Medicine Board Annual Financial Report (Information) (Item no. F-10)

Lori Mitchell; Dr. Ramsey; and Larry Pinnt, member of the UW Medicine Board Finance and Audit Committee provided highlights from the report distributed to Regents in advance of the meeting. They discussed the “triple aim” to provide better healthcare for individual patients, better health of the population, and more affordable care. Ms. Mitchell announced her upcoming retirement, and Regent Ayer thanked her for her service to UW Medicine and the University. Regent Shanahan also expressed his gratitude to Ms. Mitchell.

KUOW License Assignment and Acquisition (Action) (Item no. F-11)

Caryn Mathes, President and General Manager of KUOW, described the proposed transaction for KUOW to acquire KPLU’s license. The updated item was distributed in the day-of packets.

Ms. Mathes and Norm Arkans, Associate Vice President, Media Relations and Communications, assured the Regents that together the two stations would be stronger on all content platforms and would offer more news and more music.

Bill Starkey, Senior Associate Treasurer, Treasury, was on hand to discuss the financial details of the acquisition.

Regent Blake moved, Regent Harrell seconded, and the Committee voted to approve delegating authority to the University President to execute the necessary documents to acquire all of the FCC licenses and other authorizations and certain specified assets of KPLU-FM and other radio

frequencies operated by Pacific Lutheran University (PLU), and upon FCC approval of the license transfers, execute all instruments needed to complete the transaction.

Audit Advisory Committee Update (Information) (Item no. F-12)

Regent Blake, Chair of the Audit Advisory Committee (AAC), provided an update from the most recent meeting on November 11. She praised the engagement of the Committee members. The 2016 Audit Plan was approved and recommended by the Committee following discussion and feedback. She said it was “well vetted.” The Committee reviewed results from the 2015 Internal Audit Plan. Twenty audits were closed out, with a goal of twenty-eight by year end. The Committee provided a high-level review of the financial statements for the period ending June 30, 2015. Other Boards and Finance Committees across campus are reviewing their individual pieces. Regent Blake praised Richard Cordova, Executive Director, Internal Audit, for being proactive with an advance draft.

Regent Blake reported the Committee engaged in a discussion regarding internal controls best practices as recommended by NACUBO (National Association of College and University Business Officers) and reviewed an initial comparison of those standards and best practices to the current UW internal controls. The Committee noted that achievement of the standards set by the Sarbanes-Oxley Act (SOX) requires adoption of significantly improved financial reporting systems. The Committee also heard about the Finance Business Transformation project and expects UW to use change management lessons learned from the HR/Payroll project to assist in this project which will focus on the development of standards for business practices and internal controls for UW.

Executive Session

Regent Shanahan announced the Committee would hold an executive session to review the performance of public employees.

Adjourn

Returning to open session and hearing no other business to come before the Finance and Asset Management Committee, Regent Shanahan adjourned the meeting at 12:51 p.m.

Approved at the meeting of the Committee on January 14, 2016.