

VII. STANDING COMMITTEES**B. Finance, Audit, and Facilities Committee**Authority to Establish Operations AbroadRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit, and Facilities Committee that the Board of Regents:

Delegate to the President of the University or her/his designee the authority to take all actions and execute all documents necessary to establish legal entities, controlled by the University, through which the UW can conduct itself in foreign countries.

BACKGROUND:

The University of Washington has a growing number of operations in foreign countries where it must open bank accounts, lease space and hire local employees. To do so, the UW often needs a legal status in the foreign country. Several years ago, the UW was rebuffed in efforts to obtain legal status in foreign countries based on its legal status in Washington because the UW, having been created by the legislature, lacks traditional articles of incorporation.

For this reason, in July 2007, the Board of Regents approved the incorporation of nonprofit corporations in the State of Washington, controlled by the UW, through which the UW can register and conduct operations in foreign countries. The Board further delegated to the President of the University the authority to take all actions and execute any documents necessary to establish the nonprofit corporations. This approach is similar to the approach being taken by other major research institutions confronted with the same challenge.

Since July 2007, the UW has used this authority to establish Washington nonprofit corporations through which the UW operates federally funded training programs in Botswana, Ethiopia, Guyana, Mozambique, Malawi and Namibia, and Tanzania. In addition, the UW established a nonprofit corporation through which it opened a Representative Office in China.

The UW has determined that it needs a legal entity through which it can conduct a substantial number of UW grant funded research and training operations in Kenya. Further, the UW has determined that Kenya will not accept a Washington nonprofit corporation for this purpose and that the best course is to form a legal entity under Kenyan law, which will be controlled by the UW. This need may present itself from time to time. For example, preliminary information suggests

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that the UW may find it necessary to form a legal entity under the laws of Spain, to be controlled by the UW, through which the UW can operate programs in that country.

The sole reason for forming separate legal entities is to allow the UW to legally and efficiently operate in foreign countries. These entities are controlled by the UW and do not in any way expand the authority the UW presently has to act in its own name. If a separate legal entity created under the authority provided herein wished to engage in activity that would require Regent approval if undertaken by the UW in its own name, subsequent Regent approval would be sought.

The administration is working with the Attorney General's Office, and will work with foreign lawyers retained by the Attorney General's Office, to ensure legal compliance as the University forms entities and obtains legal registration for them in foreign countries.

REVIEW AND APPROVALS:

This recommendation has been reviewed and approved by the President, the Provost and Executive Vice President, the Vice Provost for Research, the Senior Vice President, and other University administrators.