May 2, 2013

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 8, 2013
5:30 p.m. President’s Residence DINNER FOR REGENTS, AND OTHER GUESTS

THURSDAY, MAY 9, 2013
8:30 to 9:50 a.m. 142 Gerberding Hall ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regents Ayer (Chair), Cole, Jaech, Jordan

*10:00 to 11:50 a.m. 142 Gerberding Hall FINANCE, AUDIT AND FACILITIES COMMITTEE: Regents Smith (Chair), Blake, Shanahan, Simon

*Noon to 12:45 p.m. 142 Gerberding Hall ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regents Ayer (Chair), Cole, Jaech, Jordan

in Joint Session with

FINANCE, AUDIT AND FACILITIES COMMITTEE: Regents Smith (Chair), Blake, Shanahan, Simon

1:00 p.m. Petersen Room Allen Library REGULAR MEETING OF BOARD OF 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.

1.1/205-13

5/9/13
1. Academic and Administrative Appointments
   Ana Mari Cauce, Provost and Executive Vice President
   ACTION A–1

2. UW Medicine Board Appointment
   Joanne Harrell, Chair, Board of Regents
   ACTION A–2

3. Granting of Honorary Degree to Oscar Arias Sánchez
   Michael K. Young, President
   ACTION A–3

4. Granting of Honorary Degree to Jon Huntsman
   Michael K. Young
   ACTION A–4

5. Student Participation in University Governance through College Councils
   Christopher Jordan, Student Regent
   Robert Stacey, Dean, College of Arts & Sciences
   Evan Smith, President, ASUW
   Adam Sherman, President, GPSS
   Maxine Corin Sugarman, Senior, Political Science, Member of the College of Arts & Sciences Advisory Committee for Students (ASACS)
   INFORMATION A–5

6. Historic Overview and Current Status of Graduate and Professional Fee-Based Programs
   Gerald Baldasty, Senior Vice Provost for Academic and Student Affairs
   David Szatmary, Vice Provost, Educational Outreach
   Rebecca Aanerud, Associate Dean for Academic Affairs and Planning, The Graduate School
   Christopher Jordan
   Adam Sherman
   Zain Rizvi, Graduate Student, Professional Masters Program in Computer Science and Engineering
   Sarah Slaid, Graduate Student, Master of Communication in Digital Media
   INFORMATION A–6

7. Other Business
1. **Report of Contributions – February and March 2013**
   Walt Dryfoos, Associate Vice President, Advancement Services
   Connie Kravas, Vice President, University Advancement

2. **Grant and Contract Awards Summary – February 2013**
   Ana Mari Cauce, Provost and Executive Vice President

3. **Actions Taken Under Delegated Authority**
   Richard Chapman, Associate Vice President, Capital Projects Office

4. **Approve Amended UW Foundation Bylaws**
   Walt Dryfoos

5. **Approve Amended UW Voluntary Investment Program Plan**
   Katy Dwyer, Executive Director of Benefits

6. **Approve Amended UW Retirement Plan**
   Katy Dwyer

7. **Approve Amended UW 401(a) for Selected Employees Plan**
   Katy Dwyer

8. **Approve Amended UW 401(a) Supplemental Retirement Plan**
   Katy Dwyer

9. **2013 Audit Plans – KPMG and Peterson Sullivan**
   Richard Cordova, Executive Director, Internal Audit

10. **Asset Liability Management Semi-Annual Borrower Reports (SABRe)**
    Chris Malins, Senior Associate Treasurer, Treasury

11. **Annual Investment Program Update**
    Keith Ferguson, Chief Investment Officer
    Garth Reistad, Deputy CIO, Investments
    Scott Davies, Chief Operating Officer, Investments
12. **Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance**  
   Keith Ferguson  
   Scott Davies

13. **Comparative Asset Allocation, Performance, and Endowment Trends**  
   Max Senter, Investment Consultant and Managing Director, Cambridge Associates

14. **Guideline for Interfund Loans**  
   Keith Ferguson  
   Scott Davies

15. **Intercollegiate Athletics – Annual Financial Report**  
   Paul King  
   Scott Woodward

16. **2012 Internal Audit Results**  
   Richard Cordova

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

18. **Executive Session**  
   (to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price.)

19. **Other Business**
1. **Budget Update**
   - Paul Jenny, Vice Provost, Planning & Budgeting
   - Michael Kutz, Chair, Provost’s Advisory Committee for Students (PACS) and Computer Science and Economics Student
   - Elise Randall, Vice Chair, Provost’s Advisory Committee for Students (PACS) and Evans School Student
   - Evan Smith, President, ASUW
   - Adam Sherman, President, GPSS

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

3. **Other Business**
AGENDA

BOARD OF REGENTS
University of Washington

May 9, 2013
1:00 p.m.
Petersen Room, Allen Library

I. CALL TO ORDER

II. ROLL CALL: Assistant Secretary Shelley Tennant

III. CONFIRM AGENDA

IV. REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Harrell

PUBLIC COMMENT PERIOD

Board of Regents Resolution of Appreciation to Sally Jewell (Action)  BP–1

V. REPORT OF THE UNIVERSITY PRESIDENT: President Young

VI. CONSENT AGENDA

Approval of Minutes of Meeting of March 14, 2013  A–2

UW Medicine Board Appointment  A–2

Granting of Honorary Degree to Oscar Arias Sánchez  A–3

Granting of Honorary Degree to Jon Huntsman  A–4

Grant and Contract Awards Summary – February 2013  F–2

Approve Amended UW Foundation Bylaws  F–4

Approve Amended UW Voluntary Investment Program Plan  F–5

Approve Amended UW Retirement Plan  F–6

Approve Amended UW 401(a) for Selected Employees Plan  F–7

Approve Amended UW 401(a) Supplemental Retirement Plan  F–8
Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance

VII. STANDING COMMITTEES

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

- Academic and Administrative Appointments (Action)  A–1
- Student Participation in University Governance through College Councils (Information only)  A–5
- Historic Overview and Current Status of Graduate and Professional Fee-Based Programs (Information only)  A–6

B. Finance, Audit and Facilities Committee: Regent Smith – Chair

- Report of Contributions – February and March 2013 (Information only)  F–1
- Actions Taken Under Delegated Authority (Information only)  F–3
- 2013 Audit Plans – KPMG and Peterson Sullivan (Information only)  F–9
- Asset Liability Management Semi-Annual Borrower Reports (SABRe) (Information only)  F–10
- Annual Investment Program Update (Information only)  F–11
- Comparative Asset Allocation, Performance, and Endowment Trends (Information only)  F–13
- Guideline for Interfund Loans (Information only)  F–14
- Intercollegiate Athletics – Annual Financial Report (Information only)  F–15
- 2012 Internal Audit Results (Information only)  F–16

Joint Session

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

B. Finance, Audit and Facilities Committee: Regent Smith – Chair

- Budget Update (Information only)  F–17
VIII. OTHER BUSINESS

Reports to the Board:

Faculty Senate Chair – Professor Jim Gregory

Student Leaders:
GPSS President – Mr. Adam Sherman
ASUW President – Mr. Evan Smith
ASUW Tacoma President – Ms. Elizabeth Pierini
ASUW Bothell President – Mr. Kevin King

Alumni Association President – Mr. Patrick Crumb

IX. DATE FOR NEXT REGULAR MEETING: Thursday, June 13, 2013

X. ADJOURNMENT
The Board of Regents held its regular meeting on Thursday, May 9, 2013, beginning at 1:00 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

A notice was posted announcing a delay in the start time of the meeting. In Regent Harrell’s absence, Regent Smith, Board Vice Chair, called the meeting to order at 1:05 p.m.

ROLL CALL

Assistant Secretary Tennant called the roll: Present were Regents Smith (chairing), Ayer, Cole, Jaech, Jordan, Shanahan, Simon; President Young, Provost Cauce, Ms. Warren, Ms. Goldblatt; ex officio representatives: Professor Gregory, Mr. Sherman, Mr. Smith, Mr. Crumb.

Absent: Regents Blake and Harrell

CONFIRM AGENDA

The agenda was confirmed as presented.

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

In Regent Harrell’s absence, Regent Smith served as Chair of the Board.

PUBLIC COMMENT PERIOD

Regent Smith announced the Board would receive comments from the public. He said 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 or follow up would make that request through staff following the meeting.
Six people signed up in advance. Three staff members commented on Harborview Medical Center labor negotiations and staffing and three students expressed their concerns about tuition rates and the availability of financial aid.

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.

Regent Smith said he was delighted to present a Resolution of Appreciation to Sally Jewell for Board approval.

**Board of Regents Resolution of Appreciation to Sally Jewell** (Agenda no. BP–1)

**MOTION**: Upon the recommendation of the Chair of the Board of Regents and the motion made by Regent Jordan the Board voted to approve the Resolution of Appreciation to Sally Jewell.

See Attachment BP–1

A celebration of Sally’s service to the Board is being planned.

Regent Smith invited Regent Jordan to make a few comments.

Regent Jordan updated Regents on his recent travel to Washington, D.C. where he attended the SAGE (Student Advocates for Graduate Education) conference. SAGE is a national coalition of graduate students who advocate on behalf of issues affecting graduate students. Graduate students from UW met with staff of several members of the Washington state delegation. In partnership with other SAGE schools, students visited congressional offices from all around the country to discuss issues related to immigration, student indebtedness, and funding for research.

Regent Jordan commended and thanked the students who made public comment earlier in the meeting, saying Board members have worked hard in Olympia talking to legislators about the importance of funding for higher education. He said the state’s choices over the past few years have placed Washington forty-ninth in the nation in funding per student for higher education.

Regent Jordan briefly outlined the process for selecting and appointing the Student Regent. A committee of students recommends three finalists to the Governor. Regent Jordan introduced the three finalists for the position in 2013-14. Nauman Mumtaz, UW Tacoma graduate student, Vice President of ASUW Tacoma, member of the Provost’s Advisory Committee for Students (PACS); Kiana Scott, masters and PhD student in political communication, and graduate of the Evans School of Public Affairs, and GPSS Senator; and Luke Picking, sophomore in neurobiology, Vice President of Public Relations for UW’s Interfraternity Council (IFC).
Regent Jordan thanked Regents Ayer, Blake, Harrell, Shanahan, and Simon, for meeting with students in discussion groups, an effort he organized to provide Regents with an additional opportunity to interact with students. He intends to provide Regents with a summary of common themes heard in the discussions.

Regent Smith reported Regent Harrell recently attended part of a two-day symposium on campus called “The Living Breath of Wə̱lə̱ləltxʷ: Indigenous Ways of Knowing Cultural Food Practices and Ecological Knowledge” sponsored by the University’s American Indian Studies Department.

Recently Regent Harrell attended the AGB conference in San Francisco and was joined by Regent Ayer. Regent Smith invited Regent Ayer to provide some remarks about the conference, and to introduce students to tell the Board about the upcoming Undergraduate Research Symposium.

Regent Ayer reported last month he joined Regent Harrell at the AGB (Association of Governing Boards of Universities and Colleges) Conference on Trusteeship in San Francisco. The University of Washington is one of more than 1,250 member institutions, made up of colleges and universities of all types. Several thousand Board members attended the two-day conference where they heard distinguished keynote speakers and participated in seminars and focus groups on a variety of relevant issues. Regent Ayer’s biggest “take away” was that everyone is in the same boat with public institutions facing funding stress and challenges in setting priorities given the financial constraints while responding to student and faculty needs. There are, he said, lots of challenges and hard work ahead to find solutions or compromises.

At the conference, Regent Ayer purchased and read the book “Making the Grade: How Boards Can Ensure Academic Quality.” He recommended the book as a resource for future work of the Academic and Student Affairs Committee and to other UW administrators. The book provides clear guidance for the Board’s role in its important “business” of educating students.

Regent Ayer introduced undergraduates Alex Catchings, a senior in English, and Bryn Smith, a senior in Microbiology, and invited them to give Regents a preview of the upcoming Undergraduate Research Symposium, on Friday, May 17, in Mary Gates Hall. Mr. Catching and Ms. Smith described their research projects and invited Regents, and others, to attend the event.

Regent Smith said Regents would soon hold a Special Meeting on campus to hear public comment from University community members on the University’s budget. A notice to the public and agenda would be issued sometime next week.

Regent Smith invited President Young to deliver his report.

REPORT OF THE UNIVERSITY PRESIDENT: President Young
President Young said research at the University is deeply integrated into teaching. This year 7,100 undergraduates engaged in a significant amount of research (ten hours a week or more). He recommended all attend the Undergraduate Research Symposium.

President Young announced two UW faculty members were elected to the American Academy of Arts and Sciences: Professor Emerita Susan Eggers, Computer Science & Engineering; and Dr. Randall Moon, Professor of Pharmacology and Director of the Institute for Stem Cell and Regenerative Medicine. Two faculty members were elected to the National Academy of Sciences: David Kaplan, Director of the Institute for Nuclear Theory; and Mary Lidstrom, Vice Provost for Research and Professor of Chemical Engineering and Microbiology. Three faculty members were named Guggenheim Fellows: Professor Yomi Braester, Comparative Literature; Professor Tom Daniel, Biology; and Affiliate Associate Professor Catherine Peichel, Biology.

Finance & Facilities received a prestigious Lean Award.

UWTV won Telly awards for productions including a silver award for “Eye on the Future” and bronze awards for “UW 360” about the Burbank brothers and the UW campus tour video featuring President Young riding his motorcycle.

A Tribal Summit was recently held on campus and attended by leaders of a number of the nations, who met to talk about ways to work collaboratively to create more educational and other opportunities.

President Young reported on well-deserved rankings recently received by UW. The National Taiwan University rated UW as fourth best in the world and number one in scientific impact. The Jaio Tong ranking cited UW as sixteenth best in the world.

The University is working hard to improve administrative efficiencies. The pilot Smart Grid project enables UW to monitor hourly energy use in every building on campus. This allows comparison between buildings to identify the most efficient ones and learn why. This technology allows the University to examine behavioral changes to be more energy efficient.

The President reported on ongoing work with sponsorship partners to increase their support of the University.

The President reported on recent travels. At the end of March he traveled to Asia and met with alumni in Taipei, Seoul, and Tokyo. He found strong alumni groups in all three places, with large turnouts at all events, and cited the need for some reorganization of these local groups to expand their reach to additional alumni. Alumni were enthusiastic about their education at UW and continue to support the University with impressive frequency. President Young participated in meetings at other universities, fostering deep exchanges, and working on collaborative centers in Japan and Korea, to explore areas of mutual interest in research and teaching. He heard urgent concerns about economic development. The Taiwan Ministry of Education extended an invitation to President Young to return to explore mutual interests.
Following his trip to Asia, President Young traveled to Washington, D.C. to attend the American Association of Universities (AAU) meetings at which attendees covered a number of important topics. The AAU is comprised of sixty-one preeminent public and private research universities in the United States. Meeting participants shared concerns about levels of state funding and federal research funding, and indirect cost recovery issues. They discussed concerns about the continual increase in the age of principal investigators receiving research support for their first funded project, caused by sequestration and the flat level of funding for research. The current age of RU1 funding is age 42, while most data suggest in a number of disciplines most of the transformative breakthroughs occur before the age of 30. The group explored ways to foster more innovation at a younger age, and distributed talking points about the importance of research universities to the national well-being. Discussions focused on graduate programs, particularly in the humanities, expressing concerns about time to degree completion, the number of degrees produced, and the reality of job prospects in academia and elsewhere.

Following the AAU meetings, President Young met with Washington state’s federal delegation to discussed the UW’s concerns. He was pleased to hear UW’s Director of Federal Relations, Christy Gullion, is held in great regard.

While in D.C. he attended a dinner with the senior leadership of the U.S. Chamber of Commerce where they discussed closer collaboration between businesses and universities. A task force will be created to move that conversation forward.

President Young reported the University is working with consultants Mary Gresch & Associates on efforts to assess the organizational structure of its marketing and communications staffing and operations with the goal of being even more effective in Olympia and other places where it is important for people to have a better understanding of the University.

The University administration is becoming increasingly concerned about the issue of sexual assault on campus and in campus-related facilities. There are good resources in place to address this issue. A task force was created to reorganize these resources and create policies to address prevention and how to best deal with the issue of sexual assault. The task force will be chaired by Ellen B. Taylor, Assistant Vice President of Student Life and Director of the Counseling Center.

At the Board meeting in March, the President distributed three reports on “Leading the Change in Public Higher Education.” Much of the information in these reports involved technology, especially online learning. The President distributed a report entitled “Putting Learning First: How Students Learn and How Technology Can Help.”

President Young presented an update on UW’s online degree completion program for students who have some college, but for whatever reason, never finished their degree. Many of these people might be place-bound, working, or have challenging financial circumstances. Some say there are about 900,000 such students in the state of Washington alone. If UW can help provide assistance to some of them to complete their degrees, it will truly change lives for the better.
He reported on work by David Szatmary, Tom Stritikus, Bob Stacey, and others to create a technology-based UW-quality degree taught by tenure and tenure track faculty online at a price that would allow these students to complete their degrees.

The program is off to a strong start with the launch of the first online-only bachelor’s degree completion program. This program in Early Childhood and Family Studies is offered through the highly ranked College of Education, which has been at the forefront of research on early learning, childhood special education and early intervention. This program is a great step in the University’s plans for creating more online degree completion programs to meet the increasing need for this type of program. There are some very exciting ideas percolating in Arts & Sciences and other colleges in this regard.

CONSENT AGENDA

Regent Smith noted there were eleven 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 Simon, the Board voted to approve the eleven items on the consent agenda as shown below:

**Minutes for the meeting of March 14, 2013**

**UW Medicine Board Appointment** (Agenda no. A–2)

It was the recommendation of the Chair of the Board of Regents and the Academic and Student Affairs Committee that the Board of Regents appoint Kristianne Blake as the Regent member of the UW Medicine Board for a three-year term from May 9, 2013 through May 8, 2016.

See Attachment A–2.

**Granting of Honorary Degree to Oscar Arias Sánchez** (Agenda no. A–3)

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 Humane Letters degree to Oscar Arias Sánchez, former president of Costa Rica and recipient of the Nobel Prize for Peace in 1987.

See Attachment A–3.

**Granting of Honorary Degree to Jon Huntsman** (Agenda no. A–4)

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
Laws degree to Jon Huntsman, former Governor of Utah and former United States Ambassador to Singapore and China.

See Attachment A–4.

**Grant and Contract Awards Summary – February 2013** (Agenda no. F–2)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee the Board of Regents accept Grant and Contract Awards for the month of February, in the total amount of $62,962,640.

See Attachment F–2.

**Approve Amended UW Foundation Bylaws** (Agenda no. F–4)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Regents approve the 2013 Restated Bylaws of the University of Washington Foundation. Revisions include revisions to term length and updates to the committee structure, as well as several housekeeping revisions including revisions to the numbering system.

See Attachment F–4.

**Approve Amended UW Voluntary Investment Program Plan** (Agenda no. F–5)

It was the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendments to the University of Washington Voluntary Investment Program (the “Program”) in the form of an amended and restated plan document and to update the membership and purpose of the Fund Review Committee. The other amendments reflect technical changes, including to maintain compliance with federal law by adding a new Section 6.4(d) to describe the treatment of requirement minimum distributions for 2009 under Code Section 401(a)(9)(H).

See Attachment F–5.

**Approve Amended UW Retirement Plan** (Agenda no. F–6)

It was the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve changes in the UW Retirement Plan to reflect changes required by the IRS and to update the membership and purpose of the Fund Review Committee.

See Attachment F–6.

**Approve Amended UW 401(a) for Selected Employees Plan** (Agenda no. F–7)
It was the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendment of the University of Washington 401(a) Plan for Selected Employees.

See Attachment F–7.

**Approve Amended UW 401(a) Supplemental Retirement Plan** (Agenda no. F–8)

It was the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve this amendment of the University of Washington 401(a) Supplemental Retirement Plan, which is required by the IRS. The UWSRP was split out from the University of Washington Retirement Plan by Regent action effective January 1, 2009. The Plan is a defined benefit plan intended to be qualified under Internal Revenue Code Section 401(a). The Plan was closed to new participants effective March 1, 2011 by Regent action.

See Attachment F–8.

**Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance** (Agenda no. F–12)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve changes in the Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance.

See Attachment F–12.

**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.

**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 academic and administrative appointments. Regent Jordan abstained from the vote.

See Attachment A–1.

**Student Participation in University Governance through College Councils** (Agenda no. A–5) (Information only)
Regent Ayer reported this presentation on college councils was placed on the agenda at the request of Regent Jordan. Regents heard student perspective about participation in a relatively new structure of university governance though councils in various schools and colleges. Students advise Deans about budget and other issues. About 25% of colleges have these councils, another 19% are in early stages of implementation, others have expressed interest but have not formed councils yet, and some colleges have not begun the process of forming councils. Regent Ayer believes there will be benefits through collaboration, informing Deans’ decision making, and providing communication alignment between students and the administration.

Regents heard about the council in the College of Arts & Sciences from Dean Robert Stacey, where the council meets every Friday afternoon. A student member of that council described how members developed priorities in the area of faculty salaries and course evaluations, and offered new degree recommendations to the Dean. In addition to advising Deans, college councils provide information to PACS. This, Regent Ayer said, supports positive process structures which are part of the university culture. He added, councils are not “one size fits all” as different colleges have different needs and will form different structures to allow for direct input from students on important issues.

See Attachment A–5.

**Historic Overview and Current Status of Graduate and Professional Fee-Based Programs** (Agenda no. A–6) (Information only)

Regents heard about fee-based programs, learning the number of them has increased significantly from 15% of all graduate education to about 35%. 47% of all masters students are enrolled in fee-based programs. On the positive side, this provides access during a time of waning state support. Students expressed concern about the lack of financial aid options leading to students graduating with high levels of debt. Past transitions from state supported programs to fee based models could have been done better. Regent Ayer said Regents believe fee-based programs are important and follow the national trend. Currently the University has placed a moratorium on further shifts to fee-based programs to allow time to develop a strategy. Regent Ayer said Regents appreciated hearing students express their concerns.

See Attachment A–6.

**FINANCE, AUDIT AND FACILITIES COMMITTEE**: Regent Smith, Chair

Regent Smith provided a report from the Finance, Audit and Facilities Committee.

**Report of Contributions – February and March 2013** (Agenda no. F–1) (Information only)

The total amount of gifts received in February was $13,994,243, and in March was $25,603,541. The total for the year-to-date is $245,834,074.
See Attachment F–1.

**Actions Taken Under Delegated Authority** (Agenda no. F–3) (Information only)

See Attachment F–3.

**2013 Audit Plans – KPMG and Peterson Sullivan** (Agenda no. F–9) (Information only)

See Attachment F–9.

**Asset Liability Management Semi-Annual Borrower Reports (SABRe)** (Agenda no. F–10) (Information only)

See Attachment F–10.

**Annual Investment Program Update** (Agenda no. F–11) (Information only)

Regent Smith reported Regents received a comprehensive report on the University’s investment program, including its size, sources of contributions to the endowment fund, and the uses of its returns.

See Attachment F–11.

**Comparative Asset Allocation, Performance, and Endowment Trends** (Agenda no. F–13) (Information only)

Regents discussed the performance of the University’s investment activities and the value added from an active, versus passive, investment strategy. He noted the University must consider tradeoffs between risk and returns. The Board approved modest changes to the allocation formula of the endowment funds and allowed for loans from the investment fund to the endowment fund in the event that returns from the fund cause a diminution of ten percent of the value per share basis of the endowment fund.

See Attachment F–13.

**Guideline for Interfund Loans** (Agenda no. F–14) (Information only)

See Attachment F–14.

**Intercollegiate Athletics – Annual Financial Report** (Agenda no. F–15) (Information only)

Regents received a “positive and optimistic” report from Intercollegiate Athletics, demonstrating extraordinary financial results. The forecasts look better than planned for the stadium renovation project.

See Attachment F–15.
2012 Internal Audit Results (Agenda no. F–16) (Information only)

Regents heard a positive report on the fourteen internal audits completed last year. There were some constructive findings which contributed to additional revenues and improved controls. There were no findings that rose to a level of serious concern.

See Attachment F–16.

Joint Session

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Ayer, Chair
FINANCE, AUDIT AND FACILITIES COMMITTEE: Regent Smith, Chair

Budget Update (Agenda no. F–17) (Information only)

Regent Smith reported on a report on the budget process where Regents learned that things have not changed; the situation is still in “dire straits.” The House and Senate are experiencing a “legislative impasse” as they both develop budgets with “seemingly irreconcilable” differences.” UW’s critical issues of tuition and faculty salary are uncertain. It is unlikely the state will approve a budget until mid-June, so it is also unlikely the University will have a budget to review before the end of June. The uncertainty of tuition rates is difficult for students.

Regent Smith commented that the presentation from the Provost’s Advisory Committee for Students about the budget demonstrated an “immense amount of wisdom” and thoughtfulness. He commended Provost Cauce for forming the Council.

See Attachment F–17.

OTHER BUSINESS: REPORTS TO THE BOARD OF REGENTS

Regent Smith invited the student leaders from UW Bothell and UW Tacoma to join the Regents at the Board table.

Faculty Senate Chair: Professor Jim Gregory

Professor Gregory offered some observations about current students, noting that this is his thirtieth year of teaching at universities. He observed the challenges undergraduate and graduate students face today are greater than at any point in his teaching career or his life. More students work more hours and accumulate higher debt loads than ever before while facing an inhospitable job market. He said student stress levels are “through the roof.” He has observed this in his classes, seeing students who drop out, struggle, and use health services at a higher rate. He has also observed student performance levels are way up and students are earning higher grades. He believes students are working harder and are smarter and more capable than their predecessors. He noted it was affirming to him to see high quality research projects in the face of challenges. He feels the current generation of students will triumph over the adversity it faces and society will benefit
from their qualities. He also noted the high quality of student leadership at UW. These leaders think strategically to understand the politics and complicated issues facing the University. Professor Gregory said the involvement of student leaders in the process of the recently-enacted diversity requirement demonstrated their effectiveness. He concluded this generation’s students are handling challenges during very hard times and are “doing just fine.”

**GPSS President:** Mr. Adam Sherman

Mr. Sherman reported Chris Lizotte was elected to serve as the 2013-14 GPSS President. He thanked administrators with whom he worked over the past year to establish an endowment to support graduate and professional students in a variety of ways, including facilitating their professional and academic development. He specifically thanked the Offices of the President, Student Life, Treasury, Provost, Planning & Budgeting, The Graduate School, and others for their support. He hopes to have this endowment fund established in the next month.

Mr. Sherman commented the administration has been looking at instituting an international student fee. ASUW voted to support the fee as has FIUTS (Foundation for International Understanding Through Students). GPSS believes the intent behind the fee is honorable and the financial needs are real, but it believes the fee is “not the right way to go.” In these times it’s preferable to pool resources and spread the costs by increasing tuition across the board. GPSS urges the University to find alternate funding mechanisms rather than assessing the fee.

Mr. Sherman emphasized the University should focus on student debt as a main issue, exploring how to reduce the debt burden of all students. He believes this is a generational burden which could have serious implications in the future.

Mr. Sherman highlighted the issue of funding for transit serving the University district and the need for the legislature to pass a mechanism for local revenue tools to fund transit. Metro, lacking funding, is looking at a 75% reduction in services, including routes serving the University. 75% of students on the Seattle campus have said the U-PASS and Metro system make it easier for them to attend class. Mr. Sherman asked Regents and others to advocate their legislators in support of funding for transit.

GPSS will hold a year-end celebration of their accomplishments, bringing back a group of alumni leaders to recognize their contributions and celebrate with them.

GPSS passed resolutions commending the service of the late Bryan Pierce, CEO of the University Bookstore; Eric Godfrey, Vice President and Vice Provost for Student Life; and John Pariseau, Director of Recreational Sports Programs, Intramural Activities. These three were commended for a collective one hundred years of dedicated service to students and student life.
Last week GPSS held a Science and Policy Summit. Mr. Sherman said this was a showcase for the brilliant people on campus working together to find solutions to problems faced by the University and in the greater community.

**ASUW President**: Mr. Evan Smith

Mr. Smith thanked Professor Gregory for his comments about students and for his support of the diversity requirement.

ASUW is hiring 72 paid student positions. Elections for ASUW officers are coming up.

In Olympia, students advocated for a recently passed bill in support of instituting the PACS model of student governance statewide in all four-year public higher education institutions. He thanked UW’s Office of State Relations for their support and partnership in Olympia. He thanked Regents for hearing about college councils in committee, and for hearing the budget recommendation from PACS.

Mr. Smith said he is excited about a partnership with the Foster School of Business to work on a business plan for the ASUW’s Experimental College. The Foster School student consulting team will assist the Experimental College with ways to run the business more efficiently and reverse the downward financial trend.

At a recent meeting, the ASUW Senate held a lively debate and voted to support a proposed international student fee, and voted against moving to ban tobacco and have a smoke-free campus.

Mr. Smith said he is excited to work with Mr. Sherman and others to produce a short video promoting UW mental health services and encouraging students to access those services as needed. The video is intended to convey how important it is to take care of one’s brain and promote the campus resources available to students to do so.

**ASUW Tacoma President**: Ms. Elizabeth Pierini

Ms. Pierini thanked Regents Simon and Jordan for meeting with students at UW Tacoma. She said she learned a lot from students and hopes this type of forum continues.

ASUW Tacoma just finished elections for student leaders, and will announce leaders soon. There were three candidates for President, which demonstrated active participation and civic engagement.

Washington Secretary of State Kim Wyman visited UW Tacoma during College Civics Week to promote civic engagement. Secretary Wyman was joined by the County Auditor. One of the campus civic engagement goals is to have a ballot drop box on campus.

The ASUW Tacoma Public Relations Committee held a quarterly open public forum where students had access to members of the elected student government to ask questions, facilitate concerns, and promote elections.
Ms. Pierini said she is excited to move forward in the Student Union building and design process. Feedback from students about the building is being gathered through focus groups and a survey.

**ASUW Bothell President:** Mr. Kevin King

Mr. King reported UW Bothell would also be holding elections for student leaders.

The campus recently held a successful Universal Leadership Conference, organized and run by students and attended by over 220 people. Howard Behar, past CEO of Starbucks International, was the keynote speaker. The conference addressed issues of social justice and diversity.

Over 400 people have registered for the upcoming “Bow Down to Bothell” annual 5K run, to raise funds for student scholarships.

Mr. King reported there has been progress on UW Bothell’s Student Activity Center. An item for board review and approval for this student-driven project is being drafted. Students have been working on this project over the last three years.

Mr. King said he is proud of student leaders at UW Bothell and other campuses who participate in PACS and other committees. Students, he said, have the ear of the administration. The product of the University is knowledge and wisdom and he is excited students expressed support for the faculty and recognized their contributions with a recommendation for a salary increase.

**Alumni Association President:** Mr. Patrick Crumb

Mr. Crumb reported on UWAA’s membership, alumni engagement, and advocacy.

Commencement, he said, creates a new group of alumni. Students are at the end of an academic journey but also at the beginning of a lifelong relationship with the University. Many current students, soon to be graduates, have already joined the Alumni Association, despite being tagged as a generation of “non-joiners.” Over 2,000 have already purchased membership in their Alumni Association. Mr. Crumb believes this support recognizes that UWAA stands with students on issues of importance, including funding for higher education.

Mr. Crumb distributed “grad packs” containing useful information about UWAA and a UW Alumni license plate holder.

UWAA is “bucking the national trend” for public school peer institutions, with incremental growth in participation in events and membership, rather than steady declines in membership and participation. UWAA has over 55,000 dues paying members.

Mr. Crumb presented some alumni engagement highlights, noting 150 alumni and their children attended Husky Night at the Children’s Theatre. Over 700 students, alumni,
faculty, and staff members attended the inaugural Husky Afternoon at the Seattle Sounders game at CenturyLink Field. UWAA geographic chapters produced fourteen networking and social events during HuskyFest weekend. The lifelong learning program continues to highlight the best and the brightest UW faculty members and brings alumni back to campus. Recently, UWAA partnered with the Evans School to host a panel discussion on ethics in intercollegiate athletics featuring NCAA President Mark Emmert, UW Coaches Romar and Tarr, Evans School Professor Pat Dobel, and Dean Ed Taylor. President Young provided opening remarks. It was an interesting and dynamic discussion filmed by UWTv.

UW Impact continues to be active during the legislative special session. Since the beginning of the regular session in January legislators have received more than 2,200 email messages, phone calls, and letters in support of state funding for the University of Washington and higher education using UW Impact advocacy resources. Mr. Crumb recognized students and student leaders who participated in meetings, and urged them to encourage students to use UW Impact to reach out to legislators. In the past two days UW Impact has generated more than 350 messages asking legislators to keep higher education as a top priority during the special session. UW Impact is also coordinating efforts with WSU Impact and Western Washington Advocates, as they advocate for the shared goal of encouraging adequate state support to keep tuition affordable, to encourage new investment, especially in the area of the STEM degrees, and to discourage a surcharge on international students.

DATE FOR NEXT MEETING

The next regular meeting of the Board of Regents will be held on Thursday, June 13, 2013, on campus.

ADJOURNMENT

The regular meeting was adjourned at 2:40 p.m.

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Joan Goldblatt
Secretary of the Board of Regents

Approved at the meeting of the Board on June 13, 2013.
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 Engineering
Lehman, Dawn Ellen
Associate Dean, Engineering, effective 6/16/2012
Continuing Appointment:
  • Associate Professor, Civil and Environmental Engineering
Degrees:
  • PhD, 1998, University of California (Berkeley)
  • MSENG, 1992, University of California (Berkeley)
  • BS, 1989, Tufts University

ENDOWED APPOINTMENTS

College of Built Environments
Department of Architecture
Burns, Joseph Gilmary
Barry Onouye Endowed Chair in Architecture, effective 9/16/2013
Degrees:
  • Master Of Architecture, 1981, Massachusetts Institute of Technology
  • MS, 1981, Massachusetts Institute of Technology
  • BArch, 1978, University of Notre Dame

College of Arts and Sciences
School of Art
Cheng, Karen
Donald E. Petersen Endowed Professorship, effective 4/1/2013
Continuing Appointment:
  • Associate Professor, Art
Degrees:
  • MA of Design, 1996, University of Cincinnati
  • BS, 1991, Pennsylvania State University
School of Dance
Salk, Jennifer
Donald E. Petersen Endowed Professorship, effective 4/1/2013
Continuing Appointment:
- Associate Professor, Dance
Degrees:
- MFA, 1994, Ohio State University
- BFA, 1992, University of Utah

College of Engineering
William E. Boeing Department of Aeronautics and Astronautics
Livne, Eliezer
Boeing Endowed Professorship for Excellence, effective 6/1/2013
Continuing Appointments:
- Professor, William E. Boeing Aeronautics and Astronautics
- Adjunct Professor, Mechanical Engineering
Degrees:
- PhD, 1990, University of California (Los Angeles)
- MSC, 1982, Israel Institute of Technology
- BSC, 1974, Israel Institute of Technology

College of the Environment
Department of Earth and Space Sciences
Montgomery, David Richard
Endowed Professorship for the College of the Environment, effective 3/16/2013
Continuing Appointments:
- Professor, Earth and Space Sciences
- Adjunct Professor, Civil and Environmental Engineering
Degrees:
- PhD, 1991, University of California (Berkeley)
- BS, 1984, Stanford University

School of Aquatic and Fishery Sciences
Planas, Josep
Kenneth K. Chew Endowed Professorship in Aquaculture, effective 2/18/2013
Degrees:
- PhD, 1993, University of Washington
- PhD, 1989, University of Barcelona (Spain)
- MA, 1988, University of California (Berkeley)
- BS, 1984, University of Barcelona (Spain)
School of Oceanography
Deming, Jody Wheeler
Walters Endowed Professorship, effective 1/1/2013
Continuing Appointment:
• Professor, Oceanography
Degrees:
• PhD, 1981, University of Maryland
• BA, 1974, Smith College

School of Medicine
Department of Neurology
Mrugala, Maciej Michal
Alexander M. Spence Endowed Chair in Neuro-oncology, effective 4/1/2013
Continuing Appointments:
• Associate Professor without Tenure, Neurology
• Adjunct Associate Professor, Medicine
• Adjunct Associate Professor, Neurological Surgery
Degrees:
• MPH, 2006, Harvard University
• PhD, 2003, Nicolaus Copernicus University (Poland)
• MD, 1995, University of Warsaw (Poland)

Department of Psychiatry and Behavioral Sciences
Kaysen, Debra
Depression Therapy Research Endowed Professorship, effective 4/1/2013
Continuing Appointments:
• Associate Professor without Tenure, Psychiatry and Behavioral Sciences
• Adjunct Associate Professor, Global Health
• Adjunct Associate Professor, Psychology
Degrees:
• PhD, 2003, University of Missouri
• MA, 1997, University of Missouri
• BS, 1991, Tufts University

School of Pharmacy
Department of Medicinal Chemistry
Atkins, William Mark
Sidney Nelson Endowed Professorship in Drug Metabolism, effective 5/1/2013
Continuing Appointment:
• Professor, Medicinal Chemistry
Degrees:
• PhD, 1988, University of Illinois
• MA, 1982, Harvard University
• BS, 1980, College of William and Mary
NEW APPOINTMENTS

College of Built Environments
Department of Architecture
Burns, Joseph Gilmary
Visiting Professor, Architecture, effective 9/16/2013
Prior Non-UW Appointment:
- Managing Principal and Senior Vice President, Thornton Tomasetti
Degrees:
- Master Of Architecture, 1981, Massachusetts Institute of Technology
- MS, 1981, Massachusetts Institute of Technology
- BArch, 1978, University of Notre Dame

Sprague, Tyler Stevens
Assistant Professor, Architecture, effective 9/16/2013
Prior UW Appointment:
- Acting Assistant Professor, temporary, Architecture
Degrees:
- PhD, 2013, University of Washington
- MS, 2006, University of Washington
- BS, 2003, University of California (Berkeley)

College of Arts and Sciences
Department of Chemistry
Vaughan, Joshua Charles
Assistant Professor, Chemistry, effective 9/16/2013
Degrees:
- PhD, 2005, Massachusetts Institute of Technology
- BA, 2000, Reed College

Department of Communication
Hill, Benjamin Mako
Acting Assistant Professor, pending Ph.D., Communication, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, Massachusetts Institute of Technology
- SM, 2007, Massachusetts Institute of Technology
- BA, 2003, Hampshire College
Powers, Matthew John  
Acting Assistant Professor, pending Ph.D., Communication, effective 9/16/2013  
Degrees:  
  • PhD - Expected, 2013, New York University  
  • MA, 2005, Simon Fraser University (Canada)  
  • BA, 2003, St. Michael's College

Department of Economics

Fan, Yanqin  
Professor, Economics, effective 9/16/2013  
Prior Non-UW Appointment:  
  • Professor, Department of Economics, Vanderbilt University  
Degrees:  
  • PhD, 1990, University of Western Ontario (Canada)  
  • MA, 1987, University of Western Ontario (Canada)  
  • BSC, 1985, Jilin University (China)

Ghironi, Fabio Pietro  
Professor, Economics, effective 9/16/2013  
Prior Non-UW Appointment:  
  • Associate Professor, Department of Economics, Boston College  
Degrees:  
  • PhD, 1999, University of California (Berkeley)  
  • MA, 1994, Bocconi University (Italy)

LaRiviere, Jacob Sean  
Visiting Assistant Professor, Economics, effective 8/26/2013  
Prior Non-UW Appointment:  
  • Assistant Professor, Department of Economics, University of Tennessee  
Degrees:  
  • PhD, 2010, University of California (San Diego)  
  • MA, 2006, University of California (San Diego)  
  • BA, 2003, University of California (Berkeley)

Lee, Ji Hyung  
Acting Assistant Professor, pending Ph.D., Economics, effective 9/16/2013  
Degrees:  
  • PhD - Expected, 2013, Yale University  
  • MPHIL, 2010, Yale University  
  • MA, 2009, Yale University  
  • BA, 2005, Seoul National University (Korea)
Tan, Xu
Acting Assistant Professor, pending Ph.D., Economics, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, Stanford University
- MS, 2011, Stanford University
- BA, 2007, Peking University (China)
- BS, 2007, Peking University (China)

Wen, Quan
Professor, Economics, effective 9/16/2013
Prior Non-UW Appointment:
- Professor, Department of Economics, Vanderbilt University
Degrees:
- PhD, 1991, University of Western Ontario (Canada)
- MA, 1988, University of Western Ontario (Canada)
- BSC, 1985, Jilin University (China)

Department of English
Bou Ayash, Nancy
Acting Assistant Professor, pending Ph.D., English, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, University of Louisville
- MA, 2006, American University of Beirut (Lebanon)
- BA, 2003, American University of Beirut (Lebanon)

Klepper, Martin
Visiting Professor, English, effective 3/16/2013
Prior Non-UW Appointment:
- Professor, English and American Studies, Humboldt-Universitat zu Berlin, Germany
Degrees:
- PhD, 1994, Free University Berlin
- MA, 1991, University of Konstanz (Germany)

Taylor, Jesse Oak
Assistant Professor, English, effective 9/16/2013
Prior Non-UW Appointment:
- Visiting Assistant Professor, Department of English, University of Maryland-College Park
Degrees:
- PhD, 2010, University of Wisconsin (Madison)
- MA, 2005, University of Wisconsin (Madison)
- BA, 2002, Middlebury College
Department of Near Eastern Languages and Civilization
Alavi, Samad Josef
Acting Assistant Professor, pending Ph.D., Near Eastern Languages and Civilization, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, University of California (Berkeley)
- MA, 2006, University of Chicago
- BA, 2001, University of Georgia

Mahmood, Hamza
Acting Assistant Professor, pending Ph.D., Near Eastern Languages and Civilization, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, Cornell University
- MA, 2011, Cornell University
- BA, 2008, Binghamton University

Department of Philosophy
Marshall, Colin Robert
Assistant Professor, Philosophy, effective 9/16/2013
Prior Non-UW Appointment:
- Lecturer, Department of History of Philosophy, University of Melbourne
Degrees:
- PhD, 2010, New York University
- MA, 2007, New York University
- BA, 2003, Reed College

Department of Physics
Feng, Lie-Feng
Visiting Associate Professor, Physics, effective 6/26/2013
Prior Non-UW Appointment:
- Associate Professor, Department of Applied Physics, Tianjin University, China
Degrees:
- PhD, 2008, Tianjin University (China)
- MS, 2005, Tianjin University (China)
- BS, 2002, Tianjin University (China)
Department of Psychology

Fryberg, Stephanie Ann
Visiting Associate Professor, Psychology, effective 3/16/2013
Prior Non-UW Appointment:
- Associate Professor, Department of Psychology, University of Arizona
Degrees:
- PhD, 2002, Stanford University
- MA, 1999, Stanford University
- BA, 1994, Kenyon College (Ohio)

Department of Romance Languages and Literature

Smith, Maya Angela Davis
Acting Assistant Professor, pending Ph.D., Romance Languages and Literature, effective 9/16/2013
Degrees:
- PhD - Expected, 2013, University of California (Berkeley)
- MA, 2005, New York University
- BA, 2004, New York University

School of Music

Poor, Theodore Patrick
Artist In Residence, Music, effective 9/16/2013
Degree:
- BM, 2003, Eastman School of Music

Rahbee, David Alexander
Artist In Residence, Music, effective 9/1/2013
Degrees:
- DMA, 2012, University of Montreal (Canada)
- MM, 2000, New England Conservatory of Music
- BM, 1996, Indiana University

Stubbs, Stephen Everett
Senior Artist in Residence, Music, effective 9/16/2013
Degree:
- BM, 1975, University of Washington
**Business School**

**Department of Accounting**

Demerjian, Peter  
**Assistant Professor, Accounting, effective 7/16/2013**  
Prior Non-UW Appointment:  
- Assistant Professor at Goizueta Business School, Emory University  

Degrees:  
- PhD, 2007, University of Michigan  
- MBA, 2002, College of William and Mary  
- BA, 1996, Brandeis University

**Department of Management and Organization**

Barnes, Christopher  
**Assistant Professor, Management and Organization, effective 6/16/2013**  
Prior Non-UW Appointment:  
- Assistant Professor, Department of Management, Pamplin School of Business, Virginia Tech  

Degrees:  
- PhD, 2009, Michigan State University  
- MBA, 2003, Webster University  
- BS, 1999, Pacific Lutheran University

**School of Dentistry**

**Department of Restorative Dentistry**

Chen, Yen-Wei  
**Assistant Professor, Restorative Dentistry, effective 4/1/2013**  
Prior UW Appointment:  
- Acting Assistant Professor, temporary, Restorative Dentistry  

Degrees:  
- MSD, 2008, University of Washington  
- DDS, 1998, Taipei Medical University (Taiwan)

Dogan, Sami  
**Assistant Professor, Restorative Dentistry, effective 4/1/2013**  
Prior UW Appointment:  
- Lecturer Part-Time, Restorative Dentistry  

Degrees:  
- PhD, 1997, Medical University of Hannover (Germany)  
- DDS, 1991, Ankara University (Turkey)
College of Education
Meeker, Kathleen
Assistant Professor, Education, effective 9/16/2013
Prior Non-UW Appointment:
- Senior Research Associate, College of Education and Human Ecology, Ohio State University
Degrees:
- PhD, 2010, Vanderbilt University
- MED, 2003, Ohio State University
- BS, 2002, Ohio State University

College of Engineering
Department of Human Centered Design and Engineering
Hsieh, Gary
Assistant Professor, Human Centered Design and Engineering, effective 6/16/2013
Prior Non-UW Appointment:
- Assistant Professor of Communication, Michigan State University
Degrees:
- PhD, 2010, Carnegie Mellon University
- BS, 2003, University of California (Berkeley)

College of the Environment
School of Aquatic and Fishery Sciences
Planas, Josep
Visiting Associate Professor, Aquatic and Fishery Sciences, effective 2/18/2013
Prior Non-UW Appointment:
- Associate Professor in the Department de Fisologia, Universitat de Barcelona
Degrees:
- PhD, 1993, University of Washington
- PhD, 1989, University of Barcelona (Spain)
- MA, 1988, University of California (Berkeley)
- BS, 1984, University of Barcelona (Spain)

School of Environmental and Forest Sciences
Ganguly, Indroneil
Research Assistant Professor, School of Environmental and Forest Sciences, effective 4/1/2013
Prior UW Appointment:
- Research Associate, School of Environmental and Forest Sciences
Degrees:
- PhD, 2008, University of Washington
- BSC, 1996, University of Calcutta (India)
School of Oceanography

Deutsch, Curtis A.
Associate Professor, Oceanography, effective 7/1/2013
Prior Non-UW Appointment:
  • Assistant Professor, Department of Atmospheric and Oceanic Science, UCLA
Prior UW Appointment:
  • Affiliate Associate Professor, Oceanography
Degrees:
  • PhD, 2003, Princeton University
  • BS, 1996, Oberlin College

Gagnon, Alexander
Assistant Professor, Oceanography, effective 6/1/2013
Prior UW Appointment:
  • Affiliate Assistant Professor, Oceanography
Degrees:
  • PhD, 2010, California Institute of Technology
  • BA, 2002, University of California (Berkeley)
  • BS, 2002, University of California (Berkeley)

Information School

Scholl, Margit
Visiting Professor, Information School, effective 4/1/2013
Prior Non-UW Appointment:
  • Professor of Faculty Business, Administration and Law, University of Applied Sciences Wildau
Degrees:
  • PhD, 1994, University of Applied Sciences Wildau
  • DR, 1991, Free University Berlin
  • MS, 1981, Free University Berlin
  • BS, 1977, University of Mainz (Germany)

School of Medicine

Department of Biochemistry

Derkach, Victor A
Research Professor, Biochemistry, effective 4/1/2013
Prior Non-UW Appointment:
  • Research Specialist III, Howard Hughes Medical Institute
Degrees:
  • PhD, 1987, Bogomoletz Institute of Physiology (Ukraine)
  • BS, 1975, Dnepropetrovsk State University (Ukraine)
  • MS, 1975, Dnepropetrovsk State University (Ukraine)
Department of Laboratory Medicine
Hess, John Rider
Professor without Tenure, Laboratory Medicine, effective 6/1/2013
Prior UW Appointment:
• Visiting Professor, Laboratory Medicine
_degrees:
• MPH, 1979, University of Hawaii
• MD, 1972, University of Washington
• AB, 1967, Washington State University

Zimring, James Charles
Professor without Tenure, Laboratory Medicine, effective 4/1/2013
Prior Non-UW Appointment:
• Director of Transfusion Medicine Research, Puget Sound Blood Center Research Institute
_degrees:
• MD, 1999, Emory University
• PhD, 1999, Emory University
• BS, 1992, Emory University

Department of Medicine
Duber, Herbert C.
Assistant Professor without Tenure, Medicine, effective 4/1/2013
Prior UW Appointment:
• Acting Assistant Professor, temporary, Medicine
_degrees:
• MPH, 2005, Harvard University
• MD, 2005, New York University
• BA, 1999, Pomona College

Department of Microbiology
Beins, Almira S. Punjabi
Lecturer, Full-time, Microbiology, effective 6/17/2013
_degrees:
• PhD, 2003, Medical College of Wisconsin
• BS, 1995, University of The Philippines
Department of Pathology

Crispe, Ian Nicholas

**Professor without Tenure, Pathology, effective 4/16/2013**

Prior UW Appointment:
- Affiliate Professor, Immunology

Degrees:
- PhD, 1984, University of London (UK)
- Bachelor of Medicine, Bachelor of Surgery (MB BS), 1978, University of London (UK)
- BSC, 1975, University of London (UK)

Department of Psychiatry and Behavioral Sciences

Stein, Mark Alan

**Professor without Tenure, Psychiatry and Behavioral Sciences, effective 4/1/2013**

Prior Non-UW Appointment:
- Professor with Tenure, Departments of Psychiatry and Pediatrics, University of Illinois at Chicago

Degrees:
- PhD, 1982, Southern Illinois University
- MA, 1978, Southern Illinois University
- MA, 1972, Bowling Green State University

Department of Radiation Oncology

Apisarnthanarax, Smith

**Associate Professor without Tenure, Radiation Oncology, effective 5/1/2013**

Prior Non-UW Appointment:
- Assistant Professor of Radiation Oncology, University of Pennsylvania

Degrees:
- MD, 2002, Brown University
- BA, 1998, Brown University

Hendrickson, Kristi

**Assistant Professor without Tenure, Radiation Oncology, effective 7/1/2013**

Prior UW Appointment:
- Lecturer Full-Time, Radiation Oncology

Degrees:
- PhD, 1999, University of Washington
- MS, 1993, University of Washington
- BA, 1991, Lawrence University
Rengan, Ramesh  
Associate Professor without Tenure, Radiation Oncology, effective 5/1/2013  
Prior Non-UW Appointment:  
- Assistant Professor, Department of Radiation Oncology, University of Pennsylvania School of Medicine  
Degrees:  
- MD, 2001, University of Michigan (Ann Arbor)  
- PhD, 2001, University of Michigan (Ann Arbor)  
- BS, 1992, University of Michigan (Ann Arbor)

Young, Lori  
Assistant Professor without Tenure, Radiation Oncology, effective 7/1/2013  
Prior UW Appointment:  
- Lecturer Full-Time, Radiation Oncology  
Degrees:  
- PhD, 1998, University of Washington  
- MS, 1990, University of Utah  
- BS, 1981, University of Hawaii

Department of Radiology  
Bhutta, Sadaf Tariq  
Associate Professor without Tenure, Radiology, effective 7/1/2013  
Prior Non-UW Appointment:  
- Associate Professor, Department of Radiology, University of Arkansas for Medical Sciences  
Degrees:  
- Bachelor of Medicine, Bachelor of Surgery (MB BS), 1996, King Edward Medical College (Pakistan)  
- BS, 1993, University of Punjab (Pakistan)

Del Guerra, Alberto  
Visiting Professor, Radiology, effective 3/4/2013  
Prior Non-UW Appointment:  
- Professor of Medical Physics, University of Pisa, Italy  
Degree:  
- MSC, 1968, University of Pisa (Italy)

Department of Rehabilitation Medicine  
Campea, Scott J  
Assistant Professor without Tenure, Rehabilitation Medicine, effective 4/1/2013  
Prior Non-UW Appointment:  
- Attending Physician, VA Puget Sound Health Care System  
Degrees:  
- MD, 2003, University of Pennsylvania  
- BA, 1997, Harvard College
Dyer, Joshua R.
Assistant Professor without Tenure, Rehabilitation Medicine, effective 5/1/2013
Prior UW Appointment:
- Acting Assistant Professor, temporary, Rehabilitation Medicine
Degrees:
- PhD, 2008, Indiana University
- MS, 2005, Indiana University
- BS, 1999, University of Washington

Department of Surgery
Singh, Niten
Associate Professor without Tenure, Surgery, effective 7/1/2013
Prior UW Appointment:
- Clinical Assistant Professor, Surgery
Degrees:
- MD, 1997, Uniformed Services University of The Health Sciences
- MS, 1993, Georgetown University
- BS, 1992, Tulane University

Daniel J. Evans School of Public Affairs
Daniel J. Evans School of Public Affairs
Dillon, Brian M.
Assistant Professor, Public Affairs, effective 9/16/2013
Degrees:
- PhD, 2011, Cornell University
- MA, 2009, Cornell University
- MPHIL, 2005, University of Cambridge (UK)
- BS, 2000, Loyola University (Chicago)

Kosack, Stephen Joseph
Assistant Professor, Public Affairs, effective 9/16/2013
Prior Non-UW Appointment:
- Assistant Professor of Public Policy, Harvard University
Degrees:
- PhD, 2008, Yale University
- MA, 2004, Yale University
- MPHIL, 2004, Yale University
- BA, 2001, Miami University
School of Public Health
Department of Epidemiology

Phipps, Amanda Irene
Assistant Professor without Tenure, Epidemiology, effective 3/1/2013
Prior Non-UW Appointment:
- Staff Scientist, Fred Hutchinson Cancer Research Center
Degrees:
- PhD, 2010, University of Washington
- MPH, 2003, University of California (Berkeley)
- BA, 2001, Northwestern University

University of Washington, Tacoma
Education Program, Tacoma

Sierschynski, Jarek
Assistant Professor, Education, Tacoma, effective 8/16/2013
Prior UW Appointment:
- Lecturer Full-Time, Education, Tacoma
Degrees:
- PhD, 2012, University of Washington
- MED, 2004, University of Washington
- BFA, 1999, Cornish College of the Arts

Milgard School of Business, Tacoma

Demirkan, Haluk
Associate Professor, Milgard School of Business, Tacoma, effective 8/1/2013
Prior Non-UW Appointment:
- Professor of Service Science & Information Systems, Arizona State University.
Degrees:
- PhD, 2002, University of Florida
- MS, 1995, University of Florida
- BS, 1991, Technical University of Istanbul (Turkey)

Nursing Program, Tacoma

Johnson, Susan Louise
Acting Assistant Professor, pending Ph.D., Nursing, Tacoma, effective 9/16/2013
Prior UW Appointment:
- Lecturer Part-Time, Nursing, Tacoma
Degrees:
- PhD - Expected, 2013, University of Washington
- MN, 2008, University of Washington
- BSN, 1986, University of North Carolina
- BA, 1984, Oberlin College
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

UW Medicine Board Appointment

RECOMMENDED ACTION

It is the recommendation of the Chair of the Board of Regents and the Academic and Student Affairs Committee that the Board of Regents appoint Kristianne Blake as the Regent member of the UW Medicine Board for a three-year term from May 9, 2013 through May 8, 2016.

BACKGROUND

Article 1, Section 1 of the UW Medicine Board Bylaws states, “The Board shall consist of seventeen (17) members, including the President of the University 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 Chairperson of the Board of Regents shall appoint the Chairperson of the Board. At least one Board member shall be a member of the Board of Regents.”

Kristianne (Kristi) Blake is President of Kristianne Gates Blake, PS. She served as a partner with Deloitte, Haskins & Sells prior to starting her own firm in 1987.

Regent Blake serves as a trustee of the Russell Funds and Principal Funds and as a director of Avista Corporation and Ecova. Her community board service includes YMCA Retirement Fund, Saint George’s School, YMCA of the Inland Empire, Spokane Area Chamber of Commerce, United Way of Spokane County, Junior League of Spokane and the Higher Education Coordinating Board.

Regent Blake was born and raised in Seattle, graduating with a BA in Business Administration from the University of Washington. She was appointed Regent by Governor Christine Gregoire from October 1, 2006 to September 30, 2012, and reappointed by Governor Gregoire from October 1, 2012 to September 30, 2018.

It is recommended that Ms. Blake be appointed for a three year term ending May 8, 2016.

Under the Bylaws of the UW Medicine Board it states that “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 Chairperson or Vice Chairperson of the Board.”
A. Academic and Student Affairs Committee

**UW Medicine Board Appointment (continued p. 2)**

**UW MEDICINE BOARD APPOINTMENTS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointment Date</th>
<th>Changes</th>
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<tbody>
<tr>
<td>James Anderson</td>
<td>1/1/2010 through 6/30/2013</td>
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<tr>
<td>Kristianne Blake (Regent)</td>
<td>5/9/2013 through 5/8/2016</td>
<td><strong>New Appointment</strong></td>
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<tr>
<td>Sue Bowman</td>
<td>1/1/2012 through 6/30/2014</td>
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<tr>
<td>Alan Frazier</td>
<td>7/1/2012 through 6/30/2015</td>
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<tr>
<td>Michael D. Garvey</td>
<td>7/1/2012 through 6/30/2015</td>
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<tr>
<td>Allan C. Golston</td>
<td>11/1/2011 through 6/30/2014</td>
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<tr>
<td>Gerald Grinstein</td>
<td>7/1/2012 through 6/30/2015</td>
<td></td>
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<tr>
<td>Richard Jones</td>
<td>7/1/2012 through 6/30/2015</td>
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<tr>
<td>Gary Kohlves</td>
<td>1/1/2012 through 6/30/2014</td>
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<tr>
<td>Shan Mullin</td>
<td>9/1/2010 through 6/30/2013</td>
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<tr>
<td>Julie Nordstrom</td>
<td>11/1/2011 through 6/30/2014</td>
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<tr>
<td>Dennis Okamoto</td>
<td>7/1/2012 through 6/30/2015</td>
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<tr>
<td>Paul G. Ramsey, M.D.</td>
<td><strong>Ex officio</strong></td>
<td></td>
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<tr>
<td>CEO UW Medicine</td>
<td></td>
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<tr>
<td>EVP for Medical Affairs</td>
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<tr>
<td>Dean of the School of Medicine</td>
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<tr>
<td>William Rex</td>
<td>1/1/2010 through 6/30/2013</td>
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<tr>
<td>Herman Sarkowsky</td>
<td>10/1/2010 through 6/30/2013</td>
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<tr>
<td>JoAnn Taricani (UW Faculty)</td>
<td>7/1/2011 through 6/30/2014</td>
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<tr>
<td>Michael K. Young</td>
<td><strong>Ex officio</strong></td>
<td></td>
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<tr>
<td>President, University of Washington</td>
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</tr>
</tbody>
</table>
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree to Oscar Arias Sánchez

RECOMMENDED 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 Humane Letters degree to Oscar Arias Sánchez, former president of Costa Rica and recipient of the Nobel Prize for Peace in 1987.

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, art, or science.” The faculty Special Committee on Honorary Degrees is responsible for recommending candidates for honorary degrees. On April 12, 2013, the Council recommended to President Young that Dr. Arias be awarded an Honorary Doctor of Humane Letters degree at the University of Washington Bothell 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.

Dr. Arias is internationally renowned for his extraordinary career in public service and the promotion of peace and democracy. For more than 40 years, he has worked to further the cause of peace in his nation, the region, and the world.

Born in 1940, he earned a bachelor’s degree in law and economics at the University of Costa Rica and a Ph.D. in Political Science from the University of Essex in England. He entered public service in 1971 and became Minister of Planning and Political Economy in 1974. He later held positions in Congress and the National Liberation Party and in 1986 was elected President, a position he held from 1986 to 1990 and again from 2006 to 2010.

He came to international prominence during his first term as president when he brokered the 1987 Esquipulas II Accords to end years of conflict in Central America, for which he received the Nobel Peace Prize later that year. He used the monetary award from the Prize to establish the Arias Foundation for Peace and Human Progress, dedicated to the mission of promoting just, peaceful and equitable societies.
A. Academic and Student Affairs Committee

Granting of Honorary Degree to Oscar Arias Sánchez (continued p. 2)

Through his advocacy work, Dr. Arias has promoted policies grounded in the belief that security lies not in military might but in human development through education, jobs, and health. He has become a leader in the global movement for the reduction of military spending. Since 2003, he has led efforts through the United Nations to enact an Arms Trade Treaty.

He is active in many organization, including the International Center for Human Rights and Democratic Development, Economists Allied for Arms Reduction, the International Negotiation Network of the Carter Center, the Stockholm International Peace Research Institute, the Independent World Commission on the Oceans, and other organizations.

In addition to the Nobel Prize, he has received the Martin Luther King Jr. Peace Award, the Liberty Medal of Philadelphia, the Jackson Ralston Prize, the Prince of Asturias Award, the Albert Schweitzer Humanitarian Award, and the Americas Award.

For his extraordinary and exemplary career in public service, and for his abiding commitment to peace and freedom, achieved through dialogue and understanding, it would be an honor to confer upon Oscar Arias Sánchez an Honorary Doctor of Humane Letters degree at the June UW Bothell commencement.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree to Jon Huntsman

RECOMMENDED 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 Laws degree to Jon Huntsman, former Governor of Utah and former United State Ambassador to Singapore and China.

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, art, or science.” The faculty Special Committee on Honorary Degrees is responsible for recommending candidates for honorary degrees. On April 26, 2013, the Council recommended to President Young that Mr. Huntsman be awarded an Honorary Doctor of Laws 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. Huntsman is renowned for his exemplary career in public service. He served under four presidents, starting as a staff assistant to President Ronald Reagan. President George H.W. Bush appointed him as Deputy Assistant Secretary of Commerce for Asia, Deputy Assistant Secretary for International Trade Administration, and U.S. Ambassador to Singapore, at age 32 the youngest American to head a diplomatic mission in over 100 years. He served as Deputy United States Trade Representative in the administration of President George W. Bush. President Barack Obama appointed him as U.S. Ambassador to China. He earned significant international respect for his ability to develop consensus around difficult trade issues, which led to multiple new trade agreements and improved international relations. He is noted for having built bridges between the U.S. and China and is credited by both countries for improved relationships.

Mr. Huntsman was twice elected governor of the State of Utah. He is credited with achieving consensus on major tax, education, and health policy reforms. His success was marked by broad support across the political spectrum: in 2008, he carried every county in the state and won with a 78 percent statewide majority. Under his leadership, Utah ranked first in the nation in job creation and was named the best-managed state by the Pew Center.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Granting of Honorary Degree to Jon Huntsman (continued p. 2)

Born in 1960, he earned a bachelor’s degree in international politics in 1987 from the University of Pennsylvania. He is a distinguished fellow of the Brookings Institute, a trustee of the Carnegie Endowment for International Peace, and a visiting fellow at the John F. Kennedy School of Government at Harvard University.

For his superb and diverse career in public service, and for his enduring commitment to serve his country in ways that transcend partisan politics, it would be an honor to confer upon Jon Huntsman an Honorary Doctor of Laws degree at the June commencement ceremony.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Student Participation in University Governance through College Councils

For information only.

Overview

Each year, the Regents approve the budget at the conclusion of the university's budgeting process. The budgeting process touches every part of the university, including tuition and financial aid, faculty and staff salaries, capital projects, program expenditures, strategic investments, etc. The Regents have an interest in ensuring this process is sound, robust, and includes all the relevant stakeholders.

Student input in the budgeting process was strengthened with creation of the Provost’s Advisory Committee for Students (PACS) and has recently expanded to some academic units through the creation of College Councils. These councils, comprised of students from within a particular school or college, have been formed in order to facilitate student input in budgeting decisions at the Dean level and to improve PACS’s institutional knowledge and ability to advise the Provost.

ASUW and GPSS partnered with students and Deans in several colleges to pilot this concept. Students are now asking all Deans to adopt a College Council and seek student input regarding local budget decisions that impact tuition (especially at the graduate level), scholarships, student services, etc. Currently, 25 percent of colleges have a fully functioning College Council, while 19 percent have a council in early stages of implementation. 56 percent of schools and colleges across the UW currently have no council.

As the cost burden on students continues to increase, it is appropriate that key budget decision-makers at the UW engage students as critical stakeholders and actively seek student input on budget decisions through a collaborative process that is beneficial to all. The university should continue to embrace student input in budgeting decisions by encouraging and supporting each college in adopting a College Council, with a goal of making College Councils a regular “business practice” of the UW going forward.

Background: Students Seek a Seat at the Table in Response to Budget Cuts, Tuition Increases

In June of 2011, UW changed the Student Handbook to make it the official policy of the UW Provost to, "seek and consider the input and advice of the UW student
A. Academic and Student Affairs Committee

Student Participation in University Governance through College Councils
(continued p. 2)

body though the Provost's Advisory Committee for Students (PACS).” The student committee charged with advising the UW on budget matters was created after a one-year pilot testing the concept proved successful.

Students urged the creation of PACS in response to the State of Washington stepping back from its historical role in funding public higher education at the UW. While just ten years ago, the state covered 70 percent of the cost of each UW student’s degree, today, students are responsible for covering 70 percent of the cost.

As state funding dropped, tuition increased rapidly to fill the gap, and the legislature gave tuition-setting authority to the Board of Regents. UW students have sought a more active and collaborative role in the annual budget process at the university as a result. This collaborative approach has several key benefits for the University of Washington, including:

- **Collaboration, Informed Input**
  - Students gain greater knowledge about the UW budget and budget decisions, reducing misunderstandings, misinformation, and increasing opportunity for informed input and collaboration with key decision-makers.

- **Informed Decision-Making**
  - Administrators gain valuable perspective and input from students, thus providing an opportunity to vet ideas and decisions through critical stakeholders before those decisions reach a wider audience.

- **Accountability**
  - The Provost retains authority as the chief budget officer; however, by sharing all non-confidential budget information and providing a regular forum for students to ask tough questions and weigh in on pressing budget issues, PACS provides a useful advisory function and a healthy layer of accountability and oversight.

- **Improved Communication and Alignment**
  - While disagreements will remain and are healthy, through information-sharing and consultation, PACS boosts mutual understanding between the administration and students, thus increasing alignment across the university.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Student Participation in University Governance through College Councils
(continued p. 3)

Students Propose Strengthening Student Input in Budgeting Through College Councils

As PACS continues to develop, students have become more informed about the university’s budgeting process and have determined:

1. While the Provost oversees UW’s overall budget, Deans wield substantial discretion in budget decisions at the college-level that have a major impact on student life and academic programs, especially on graduate students whose tuition varies by college and program.
2. PACS would be better able to provide effective, informed advice to the Provost if it had more information about college-level budgets, which filter up to the Provost’s Office before being approved by the Board of Regents.

In light of this, ASUW and GPSS have proposed that the Dean of each college and school at the UW adopt some PACS-like structure for annually seeking student input in their college’s budget decisions. Students have proposed that these College Councils be:

- **Representative**
  - Membership on the councils should be generally representative of the student population within the school or college and include a representative from ASUW and/or GPSS.

- **Flexible**
  - Students recognize that a few colleges have existing structures potentially capable of serving this advisory function. While students prefer a standardized structure, students are willing to work with flexible structures; the key is that input and consultation take place.

- **Informed**
  - Deans should meet with their council periodically, engage collaboratively with the students, and provide all non-confidential budget information at the students’ request. Where possible, student members should serve-two year terms to reduce time spent constantly bringing new members up to speed.

- **Integrated**
  - In addition to advising the Dean, College Councils should filter information to PACS to better inform PACS about the overall budget picture across the UW, thus improving the depth at which it can provide advice to the Provost.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Student Participation in University Governance through College Councils
(continued p. 4)

- Advisory
  - While students are seeking a more active role in budgeting decisions, the purpose is to seek information and advise decision-makers so that the quality of decisions is improved and relevant stakeholders are consulted. Deans should ultimately retain their flexibility, discretion, and authority to do what is in the best interest of their school or college.

Current Status of College Councils Across UW

Students have presented their proposal for College Councils twice to the Board of Deans and Chancellors, first to seek volunteers to pilot the concept and now to ask all Deans to adopt a College Council.

See the attached summary for an overview of which colleges have adopted a College Council as of April 23rd, 2013.

Next Steps: Bringing Student Input to Every College at UW

Initiatives that are primarily driven by student leaders are inherently limited by the one-year terms of leaders. Each year, new students enter leadership positions with new priorities, areas of focus, and levels of institutional knowledge. However, given the massive shift in cost burden to students and their families, student interest in campus budget issues is likely to be sustained for years to come.

Given the benefits to the University of this collaborative approach, the university should continue to celebrate, embrace, and encourage efforts to create avenues for gathering student input on the budget.

Possibilities for continuing to implement College Councils:
  - Early Adopters Share Success Stories in the hopes that College Councils will organically spread across the UW.
  - University Leadership Maintains a Commitment and Focus on promoting student input and encouraging the spread of College Councils.
  - Considering Commitment to Student Input as a factor in Dean reappointment reviews.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Student Participation in University Governance through College Councils
(continued p. 5)

- **Prioritizing Funding Requests** that have been vetted through a College Council over those proposals that have not, providing Deans with an incentive to seek student input in order to be considered for Provost Reinvestment Funds.
- **Changing the UW Student Handbook** to make it official UW policy to adopt student input on budgeting at the college level.

Common Questions about Student Input

*Are College Councils another layer of bureaucracy that will ultimately waste time?*

- While there is a startup cost in time and energy to establishing a College Council, students believe through collaboration, alignment and agreement on important issues will be increased. Students also believe that as PACS and College Councils become more sophisticated in their understanding of the budget, they will be able to contribute ideas and feedback that will ultimately save the University money or allow funds to be allocated more effectively.
- While commitment to gathering student input may take some time, given that burden of paying for college has shifted to our students in recent years, considering their input as stakeholders is the right thing to do and is time well spent.

*How do PACS and College Councils relate to student government?*

- ASUW and GPSS are the elected opinion-making organizations of the student body. PACS members are appointed by ASUW and GPSS. PACS was created to carry out and facilitate input by ASUW and GPSS in the university’s budgeting process. Students have proposed that while College Councils be made up of students within a college each council should also have a member appointed by ASUW and/or GPSS. All councils should share information with PACS.

Attachments

1. Status of College Councils across the UW as of 4-23-13
2. Timeline of Recent Developments in Student Input in University Decision-Making
### Status of College Councils across the UW as of 4-23-13

<table>
<thead>
<tr>
<th>COLLEGE</th>
<th>STATUS</th>
<th>NOTES</th>
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</thead>
<tbody>
<tr>
<td>1. College of Arts &amp; Sciences</td>
<td>Council functioning</td>
<td></td>
</tr>
<tr>
<td>2. School of Social Work</td>
<td>Council functioning</td>
<td></td>
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<tr>
<td>3. College of Built Environments</td>
<td>Council functioning</td>
<td></td>
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<tr>
<td>4. School of Law</td>
<td>Council functioning</td>
<td></td>
</tr>
<tr>
<td>5. School of Nursing</td>
<td>Council in early stages of implementation</td>
<td></td>
</tr>
<tr>
<td>6. Evans School of Public Affairs</td>
<td>Council in early stages of implementation</td>
<td></td>
</tr>
<tr>
<td>7. Foster School of Business</td>
<td>Council in early stages of implementation</td>
<td></td>
</tr>
<tr>
<td>8. College of the Environment</td>
<td>Dean interest, but no council</td>
<td>Plans to launch in Fall of 2013</td>
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<tr>
<td>9. College of Education</td>
<td>Dean interest, but no council</td>
<td>Dean and students discussing form of council</td>
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<tr>
<td>10. College of Engineering</td>
<td>Dean interest, but no council</td>
<td>Awaiting new Dean</td>
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<tr>
<td>12. School of Dentistry</td>
<td>No council</td>
<td></td>
</tr>
<tr>
<td>13. The Information School</td>
<td>No council</td>
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<tr>
<td>14. School of Medicine</td>
<td>No council</td>
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<tr>
<td>15. School of Pharmacy</td>
<td>No council</td>
<td></td>
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<tr>
<td>16. School of Public Health</td>
<td>No council</td>
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</table>

**College Participation Overview**

- **4 colleges** have a College Council that ASUW and GPSS consider fully functional. Students and the Dean have generally agreed to scope, levels of participation, and information-sharing. These councils are sharing budget information with PACS.
- **3 colleges** have a College Council that ASUW and GPSS consider to be in early stages of formation. Deans have expressed a commitment to seeking student input on their budget, the Council has been formed, and scope and levels of participation and information sharing are still being discussed. Some councils are sharing budget information with PACS.
- **3 colleges** have expressed interest in forming a College Council or gathering student input on the budget, but no Council has been established and no format or details have yet been agreed to.
- **5 colleges** have no College Council and have not yet expressed plans to gather student input on their budget as a part of this initiative.

**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).
Timeline of Recent Developments in Student Input in University Decision-Making

2007-08:
• Economic crisis causes economy to contract and a reduction in state tax revenues.

2008-09:
• Legislature cuts UW state support by roughly 20% ($80 million)
• Legislature increases resident undergraduate tuition by 14%

2009-10:
• Legislature transfers tuition-setting authority to Board of Regents
• UW increases resident undergraduate tuition by 14%

2010-11:
• Legislature cuts UW state support by 33% ($116 million)
• Students propose creation of advisory committee to the Provost
• Interim Provost Lidstrom works with ASUW and GPSS to create first student advisory committee for university-wide budget issues
• UW handbook changed to adopt PACS as official UW policy
• UW increases resident undergraduate tuition by 20%

2011-12:
• Students propose creation of college-level councils to advise Deans on budgets
• PACS recommends 15% undergraduate tuition increase after reviewing UW budget, presents recommendation at June Regents meeting
• Provost Cauce invests additional funds in mental health services, tables a proposal for an international student fee due to feedback from PACS
• UW increases resident undergraduate tuition by 16% bringing 4-year increase to 81% ($5,055 increase), and the ten-year increase to 171% ($7,138 increase)

2012-13:
• ASUW and GPSS work with Deans, 25% of colleges adopt a functioning council, 19% adopt a council still in early stages of implementation
• Students ask all Deans to adopt college-level student advisory councils
• Legislature expands PACS model to every state university and college in Washington
• PACS budget presentation moved to May to allow Regents more time to consider committee’s recommendations
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

**Historic Overview and Current Status of Graduate and Professional Fee-Based Programs**

For information only.

**BACKGROUND**

Fee-based, or self-sustaining, programs broaden access to higher education to more people throughout the state, the country and the world.

Students in these programs have access to the UW’s faculty, resources and research to develop and adapt the skills and knowledge they need to advance their careers, their industries and our economy. The flexibility of these programs allows the UW and its academic units to respond rapidly to changes in the workplace and students’ individual needs and goals.

The issues outlined in the report are drawn from surveys and conversations with graduate program advisors, Graduate School staff who oversee administrative processes, directors of fee-based programs, library staff and leaders, and focus-groups with students in fee-based graduate program.

**Attachment**

Historic Overview and Current Status of Graduate and Professional Fee-Based Programs Report
Historic Overview and Current Status of Graduate and Professional Fee-Based Programs

As a state institution, the University of Washington is committed to educating the public. Fee-based, or self-sustaining, programs broaden access to higher education to more people throughout the state, the country and the world.

Students in these programs have access to the UW’s faculty, resources and research to develop and adapt the skills and knowledge they need to advance their careers, their industries and our economy. The flexibility of these programs allows the UW and its academic units to respond rapidly to changes in the workplace and students’ individual needs and goals.

The issues outlined here are drawn from surveys and conversations with graduate program advisors, Graduate School staff who oversee administrative processes, directors of fee-based programs, library staff and leaders, and focus-groups with students in fee-based graduate programs.

BENEFITS

Students

- Convenience through evening, weekend, and online options
- Practical, real-world knowledge that can be immediately used on the job
- Relevant content that is taught by UW faculty and top UW-approved industry professionals in touch with the latest developments in the field
- Opportunities to develop professional contacts and job prospects
- Access to educational opportunities that would otherwise not be available at the UW

Business/Industry

- More highly educated overall workforce
- Opportunities to recruit from a larger local pool of specialized professionals
- Continuing education offerings for current employees
- Degree programs that align with the specific needs of Washington industries and business
- Ability to contribute to development and delivery of educational services

University

- Units have freedom to innovate and try new programs without waiting for state funds to become available
- Revenues are flexible and can be utilized for a variety of program uses including recruitment, faculty travel, or even hiring tenure track faculty
- Opportunities for faculty and industry to develop and maintain connections
- Educational capacity is expanded without the investment of new state funds
- Greater service to the state of Washington through expanded access to a UW education
DESCRIPTION
Fee-based refers to a financial funding model and is not an indicator of quality or status. A fee-based program is a program of study that is supported solely by student course fees (i.e., receives no state-based support). A state-based program is supported by student tuition and funding provided by the state. Students in these programs are referred to as tuition-based students.

Fee-based students in degree programs:
- Are UW matriculated students
- Must meet the UW’s established admissions standards
- Are required to pay the same student fees (Student Technology Fee, Services and Activities Fee) as tuition-based students
- Have the same rights, responsibilities and access to services as their tuition-based counterparts (including health insurance, student housing, IMA, U-PASS, etc.)
- Earn UW degrees equal to those granted in state-based programs

Because no state funding is used to support fee-based programs, students:
- Cover the entire cost of their degree programs through course fees
- Pay more for their degrees than tuition-based students in comparable programs
- Are not eligible for graduate tuition exemptions
- Are not eligible for graduate university grant programs

UW FEE-BASED PROGRAMS
- 84 master’s degree programs
- 9 professional doctoral programs
- 13 bachelor’s programs
- Offered through 19 UW schools and colleges

Professional & Continuing Education (PCE), a division of UW, administers 82 fee-based degree programs—77 percent of the UW’s fee-based programs. These programs have approximately 3,000 students enrolled (representing approximately 25 percent of total UW graduate student enrollment). Some fee-based programs, such as those in business and law, have historically been administered by their academic units. For the 64 master’s programs, 9 doctoral programs and 9 bachelor’s programs it manages, PCE oversees:
- market analysis and projected program viability
- recruitment
- registration
- accounting and financial analysis on a program basis
- program management
- communication

Academic units and the Graduate School oversee
- admissions
- graduation requirements
- overall program quality
COSTS

- The majority of fee-based programs have a per-credit charge, rather than a tuition-cap fee as in state-based programs.
- Fees are based on:
  - estimated expenses
  - peer program tuition rate data
  - price sensitivity
  - market demand for the program
- Most fee-based programs have a single fee, for residents and non-residents alike.
- Most fee-based programs cost more than resident tuition for state-supported programs, but less than non-resident tuition for state-supported programs.
- PCE pays the standard self-sustaining UW overhead rate.
- PCE also charges programs an additional 1 percent overhead to support UW student service units.

Financial Aid

- Financial aid options are limited for students in fee-based programs.
- Some employers provide funding for course fees; however, because the money is given directly to the employee, not the UW, we are not able to detail the level of support.

Student Debt

- Between 2007 and 2011, the number of fee-based master’s students graduating without debt fell from 37 percent to 32 percent (and fell from 35 percent to 32 percent for tuition-based master’s students).
- Conversely, the number of graduating fee-based master’s students with more than $20,000 in debt rose from 39 percent to 49 percent (and rose from 30 percent to 40 percent for tuition-based master’s students).
- Student debt for fee-based students and tuition-based students is comparable.

ENROLLMENTS

- Schools and colleges with the highest fee-based enrollments
  - College of Engineering (739 students)
  - Business School (676)
  - Information School (528)
- Fee-based programs with the highest individual enrollments
  - Masters of Library and Information Science (347 students)
  - Masters of Business Administration (289)
  - Masters of Health Administration (145)
  - Masters of Clinical Health Services – MEDEX (144)
Growth

Over the past five years, the UW has increased the number of fee-based degrees it offers; likewise, the number of students enrolling in fee-based programs has increased. Today, close to one-third of all UW graduate students are enrolled in fee-based programs, up from 19 percent in 2007. Fee-based master’s students account for 47 percent of all UW master’s students, as compared to 31 percent in 2007. Over the past five years, the UW has seen:

- **86% increase** (1,927 → 3,578) in fee-based master’s enrollment vs. a 6.5% decrease (4,271 → 3,992) in tuition-based masters’ enrollment
- **181% increase** (118 → 331) in fee-based doctoral enrollment vs. a 4.5% increase (4,257 → 4,447) in tuition-based doctoral enrollment
- **91% increase** (2,045 → 3,909) in total fee-based enrollment (master’s and doctoral combined) vs. a 1% decrease (8,528 → 8,439) in total tuition-based enrollment (master’s and doctoral combined)
- **102% increase** (783 → 1,582) in new fee-based master’s student enrollment vs. a 4.8% decrease (1,700 → 1,619) in new tuition-based master’s student enrollment
CHANGING STUDENT PROFILE

Fee-based students are most often pursuing master’s degrees. While they once were best characterized as mid-career adults looking to advance their careers through evening, online, and weekend programs, today, students in fee-based programs are just as likely to fit the profile of master’s students in state-based programs. Many are on campus, during the day, taking classes and completing course requirements.

Within the last five years, the demographic makeup of fee-based master’s students has become:

- **More ethnically diverse**
  - 9.6 percent are underrepresented minorities (up from 7.5 percent in 2007, and in comparison to 11.2 percent of tuition-based master’s students).

- **Enrolled full-time**
  - Half are enrolled full-time (up from 43 percent in 2007, and in comparison to 79 percent of tuition-based master’s students).

- **Non-resident**
  - 60 percent are Washington residents (down from 67 percent in 2007, and in comparison to 65 percent of tuition-based master’s students).

- **International**
  - 13.4 percent are international students (up from 9.8 percent in 2007, and in comparison to 11.5 percent of tuition-based master’s students).
  - International students now comprise a larger percentage of master’s fee-based programs than their tuition-based counterparts.

- **Early career professionals**
  - Just 21 percent of fee-based program applicants in 2012 have more than five years of professional working experience, down from 43 percent in 2007 (according to PCE applicant surveys).
  - 21 percent of fee-based program applicants are unemployed (up from 0 percent in 2007, according to PCE applicant surveys).
  - The average age is 32 (down from 33.2 in 2007) and nearly on par with tuition-based master’s students.
Figure 3. Characteristics of UW Fee-based Master’s Students

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<tr>
<th></th>
<th>Autumn 2007 Fee-based Master’s</th>
<th>Autumn 2007 Tuition-based Master’s</th>
<th>Autumn 2012 Fee-based Master’s</th>
<th>Autumn 2012 Tuition-based Master’s</th>
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**STUDENT FEEDBACK**

Three focus-group meetings were held in winter quarter 2013, with a total of 19 students representing a range of programs. Some students were in programs that had transitioned from state-based to fee-based midway through their course of study (such as MLIS). Other students were in long-standing fee-based programs.

In general, the fee-based focus groups revealed:

1. **High satisfaction with education quality** (across the board).

2. **Significant frustration with the registration process**, which is separate than the process for state-based programs. Specifically, students were dissatisfied by:

   - The $42 registration fee they must pay each quarter, which tuition-based students do not pay in their state-funded programs.
   - A general sense that PCE’s registration methods are archaic and prone to errors because student information is manually entered. This manual entry may also cause delays in posting financial information to students’ MyUW sites, which students use to track and manage their fees.
3. **Uneven communication.** Long-standing fee-based programs have far better websites with accurate and up-to-date information about their programs and opportunities for funding (suggesting a "best practice" model that new programs could implement).

4. **A disincentive to take electives beyond course requirements because of costs.** These electives are perceived by students as potentially broadening their educational experiences; however, they are hesitant to take them. In addition, final degree projects can be impacted. For example, portfolio projects are usually 2-credits, and capstone courses are 6-credits. Some students opt for the less expensive portfolio project, rather than the capstone even when they believe the portfolio would be a better option.

5. **The level of debt they were incurring.** Almost everyone reported taking out loans. (Only two students reported some level of employer subsidy.)

6. **Concerns about job prospects.** Students in the more established fee-based program reported more optimism.

7. **Questions about how price points are set for fees.** Students in programs with more modest income forecasts were puzzled about the market analysis PCE uses to set course fees.

**OBSERVATIONS**

Fee-based programs can be incredibly innovative and responsive to market needs. Many of our professional master's programs simply would not exist if they had not been established under the fee-based funding model. But for the many advantages and successes of fee-based programs, their development and evolution has not always been smooth, or flawless.

- In the wake of state budget cuts, some state-based programs migrated to fee-based in order to continue. Specifically, nine state-based programs have migrated since 2009. The University has imposed a moratorium on any further migrations.

- Moving forward, continued efforts to balance quality, access, and financial viability will need to be attended to. The Graduate School has received several petitions for admission to master’s programs for students who do not have undergraduate degrees, including petitions for students with no college credits.

- Registration and tuition payment processes are cumbersome for some fee-based students and do not interface well with the rest of the UW’s systems. This has resulted in errors, delays and inefficiencies.

- Fee-based programs represent an increasing proportion of our graduate and professional student population (about a third today, and growing). Note, however, that enrollment in state-based master’s and doctoral programs has remained flat – and overall increases in graduate and professional enrollment is attributable to fee-based programs.

- The profile of fee-based students is evolving. These programs are no longer just for older or mid-career professionals; there’s a slight trend toward younger students, international students, and students who have not yet entered the job market.

- Departments and schools with fee-based programs could address financial aid issues by establishing a budget line item into their programs for fellowship support that helps off-set
costs and provide better ability for fee-based students to be competitive for TA/RA opportunities.

- While the fee-based students we interviewed cited satisfaction with the education they are receiving, they said transparency and communication must be improved at all levels. Students should be involved as often as possible in decisions that impact their education.

- Identifying “best practices” could help raise overall quality and ensure that all fee-based programs have up-to-date, consistent and accurate information on their websites.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Report of Contributions – February and March 2013

For information only.

Attachments

1. UW Foundation Report of Contributions – February 2013
2. UW Foundation Report of Contributions – March 2013
Report of Contributions

All Areas | February 2013
# ANNUAL PROGRESS BY CONSTITUENCY

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1 Donors are defined as those entities who have a credit amount of greater than $0.00.

The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

# MONTHLY HIGHLIGHTS

The UW received $13.99M in total private voluntary support ($7.97M in gifts and $6.02M in grants) in the current month.

Areas including Built Environments, Dentistry, Information School, Intercollegiate Athletics, Law, Libraries, Public Health, Social Work and UW Bothell are ahead of last year’s year-to-date totals.
### DEVELOPMENT SUMMARY BY CONSTITUENCY

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<tr>
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<td>$219,041,339</td>
<td>70,253</td>
<td>$220,516,417</td>
<td>71,356</td>
<td>$313,104,782</td>
<td>111,145</td>
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</tbody>
</table>

1 The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.
## FISCAL YEAR COMPARISON OF TOTAL CONTRIBUTIONS

### Complete Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gifts</th>
<th>Private Grants</th>
<th>Total</th>
<th>Donors</th>
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<tbody>
<tr>
<td>2012-2013</td>
<td>$115,586,182</td>
<td>$103,455,157</td>
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<tr>
<td>2011-2012</td>
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<tr>
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<td>2009-2010</td>
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<tr>
<td>2005-2006</td>
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<tr>
<td>2004-2005</td>
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<td>$260,772,296</td>
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### Year-to-Date

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gifts</th>
<th>Private Grants</th>
<th>Total</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2013</td>
<td>$115,586,182</td>
<td>$103,455,157</td>
<td>$219,041,339</td>
<td>70,253</td>
</tr>
<tr>
<td>2011-2012</td>
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<tr>
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<td>$134,629,942</td>
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</table>

Source: University Advancement, Information Management Report 31303186

Page 4
## ANNUAL FUNDING THEME PROGRESS

<table>
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<tr>
<th>Theme</th>
<th>Current Use</th>
<th>Endowment</th>
<th>Total</th>
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<tr>
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<tr>
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## DEVELOPMENT ACTIVITY BY DONOR TYPE

<table>
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<tr>
<th>Donor Type</th>
<th>Year to Date</th>
<th>Prior Year to Date</th>
<th>Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Donors</td>
<td>Total</td>
<td>Donors</td>
</tr>
<tr>
<td>Alumni</td>
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<tr>
<td>Corporations</td>
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<tr>
<td>Family Foundations</td>
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<tr>
<td>Foundations</td>
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<tr>
<td>Organizations</td>
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<td><strong>Total</strong></td>
<td><strong>70,253</strong></td>
<td><strong>$219,041,339</strong></td>
<td><strong>71,556</strong></td>
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</tbody>
</table>

## DEVELOPMENT ACTIVITY PYRAMID

![Development Activity Pyramid Diagram](image-url)
### ANNUAL PROGRESS BY GIVING LEVEL

<table>
<thead>
<tr>
<th>Giving Level</th>
<th>Alumni</th>
<th>Non Alumni</th>
<th>Family Fndns.</th>
<th>Corporations</th>
<th>Foundations</th>
<th>Other Orgs.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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<td></td>
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<tr>
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<tr>
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</table>

<table>
<thead>
<tr>
<th>Giving Level</th>
<th>Alumni</th>
<th>Non Alumni</th>
<th>Family Fndns.</th>
<th>Corporations</th>
<th>Foundations</th>
<th>Other Orgs.</th>
<th>Total</th>
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<tbody>
<tr>
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</table>

( 07/01/2012 - 2/28/2013 )
Source: University Advancement, Information Management Report # devrpts_s1303186
### ALUMNI PARTICIPATION BY CONSTITUENCY (CURRENT FISCAL YEAR)

<table>
<thead>
<tr>
<th>Area</th>
<th>Solicitable</th>
<th>To UW</th>
<th>Year to Date</th>
<th>To Unit</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>DONORS</td>
<td>Part Rate</td>
<td>DONORS</td>
</tr>
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<td>UW Medicine</td>
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</tr>
<tr>
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<td>5.32%</td>
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<td>12.03%</td>
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<td>5.23%</td>
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<td>3.84%</td>
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</table>

**ALL UW TOTAL**: 345,483 32,071 9.28%

### ALUMNI PARTICIPATION BY CONSTITUENCY (PREVIOUS FISCAL YEAR)

<table>
<thead>
<tr>
<th>Area</th>
<th>Solicitable</th>
<th>To UW</th>
<th>Year to Date</th>
<th>To Unit</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>DONORS</td>
<td>Part Rate</td>
<td>DONORS</td>
</tr>
<tr>
<td>UW Medicine</td>
<td>20,206</td>
<td>2,545</td>
<td>12.60%</td>
<td>1,716</td>
<td>8.49%</td>
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<td>3.69%</td>
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<tr>
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<td>10.57%</td>
<td>459</td>
<td>5.23%</td>
</tr>
<tr>
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<td>847</td>
<td>17.91%</td>
<td>569</td>
<td>12.03%</td>
</tr>
<tr>
<td>Education</td>
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<td>448</td>
<td>2.44%</td>
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<td>12.03%</td>
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<tr>
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</tr>
<tr>
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<td>346</td>
<td>4.96%</td>
</tr>
<tr>
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<td>345</td>
<td>3.84%</td>
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**ALL UW TOTAL**: 324,647 32,883 10.13%
The University of Washington Alumni Association is the broad-based engagement vehicle for University Advancement and the University of Washington. Through its strategically designed programs, the UW Alumni Association invites alumni, donors and friends to engage in the life of the UW. Research indicates that engaged alumni and friends are more inclined to support the University and its students. The UW Alumni Association is proud to develop a solid base of support for the University of Washington.

### UWAA Member Giving by Constituency

<table>
<thead>
<tr>
<th>School</th>
<th>Solicitable Alumni</th>
<th>Members</th>
<th>Member Donors</th>
<th>Alumni Giving</th>
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</tr>
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<td>1,332</td>
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<td>32.36%</td>
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### Alumni Activity

1 in 3.5 registrants at 2010 UW events were UWAA members
1 in 25 registrants at 2010 UW events were UW donors
3 in 4 registrants at 2010 UW events were Solicitable Alumni
1 in 25 UWAA members attended a 2010 UW event
1 in 3 2009-2010 Football/Basketball season ticket holders were UWAA members
1 in 7 UWAA members were 2009-2010 Football/Basketball season ticket holders

### Top 10 Membership by Class Year

<table>
<thead>
<tr>
<th>Class Year</th>
<th>Particles</th>
<th>Rate</th>
<th>Class Year</th>
<th>Population</th>
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<tr>
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<td></td>
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<td>1974</td>
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<tr>
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<tr>
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### Activity Participation - Rolling 3 Year Total

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<th>Part. Donors</th>
<th>% Donors</th>
<th>Alum Non-Part.</th>
<th>Alum Non-Par Donor</th>
<th>% Non-Part Donor</th>
</tr>
</thead>
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<tr>
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</tbody>
</table>

1 Members include paid Annual Members, Lifetime Members, and TPC Level Donors
2 3-Years consists of any activity since 7/1/2009
3 Activity is based on a unit affiliated Alumni or Donor being labeled as a positive RSVP, host, speaker, or participant at any tracked UW activity.

Source: University of Washington Alumni Association
Report of Contributions

All Areas | March 2013
## ANNUAL PROGRESS BY CONSTITUENCY

<table>
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<th>School</th>
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<td>Donors</td>
<td>Gifts</td>
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<td>77,276</td>
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1 Donors are defined as those entities who have a credit amount of greater than $0.00. The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

## MONTHLY HIGHLIGHTS

The UW received $25.60M in total private voluntary support ($14.25M in gifts and $11.35M in grants) in the current month.

Areas including Arts and Sciences, Broadcast Services, Built Environments, Dentistry, Information School, Law, Libraries, Public Health, Social Work and UW Bothell are ahead of last year’s year-to-date totals.
## DEVELOPMENT SUMMARY BY CONSTITUENCY

<table>
<thead>
<tr>
<th>School/Unit</th>
<th>Current Month</th>
<th>Year to Date</th>
<th>Prior Year to Date</th>
<th>Prior Year Total</th>
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<td>Total</td>
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<td>594</td>
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<td>277</td>
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<tr>
<td><strong>Student Life</strong></td>
<td>$426,084</td>
<td>273</td>
<td>$3,691,421</td>
<td>2,377</td>
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<tr>
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<td>$27,064</td>
<td>141</td>
<td>$798,036</td>
<td>638</td>
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<tr>
<td><strong>University Press</strong></td>
<td>$15,700</td>
<td>6</td>
<td>$169,265</td>
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<td>7,990</td>
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<tr>
<td><strong>UW Tacoma</strong></td>
<td>$94,655</td>
<td>106</td>
<td>$1,213,003</td>
<td>744</td>
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<td><strong>Other University Support</strong></td>
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</tbody>
</table>

1 The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

Source: University Advancement, Information Management Report # devrpts_s1304254
FISCAL YEAR COMPARISON OF TOTAL CONTRIBUTIONS

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<th>Complete Fiscal Year</th>
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<td>2008-2009</td>
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<td>2005-2006</td>
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<td>2004-2005</td>
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Source: University Advancement, Information Management Report # devrpts_s1304254
### ANNUAL FUNDING THEME PROGRESS

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<th>Year to Date</th>
<th>Current Use</th>
<th>Endowment</th>
<th>Total</th>
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### DEVELOPMENT ACTIVITY BY DONOR TYPE

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<th>Prior Year to Date</th>
<th>Prior Fiscal Year</th>
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<td>Donors</td>
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### DEVELOPMENT ACTIVITY PYRAMID

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*Source: University Advancement, Information Management Report # devrpts_s1304254*
### ANNUAL PROGRESS BY GIVING LEVEL

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<th>Non Alumni</th>
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<th>Corporations</th>
<th>Foundations</th>
<th>Other Orgs.</th>
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<td>$245,834,074</td>
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</tbody>
</table>

<table>
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<th>Non Alumni</th>
<th>Family Fndns.</th>
<th>Corporations</th>
<th>Foundations</th>
<th>Other Orgs.</th>
<th>Total</th>
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<td>2,006</td>
<td>343</td>
<td>462</td>
<td>77,276</td>
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</table>
### Report of Contributions

**March 2013**

**All Areas**

#### Alumni Participation by Constituency (Current Fiscal Year)

<table>
<thead>
<tr>
<th>Area</th>
<th>Solicitable</th>
<th>To UW</th>
<th>Year to Date</th>
<th>To Unit</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Donors</td>
<td>Part Rate</td>
<td>Donors</td>
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<tr>
<td>UW Medicine</td>
<td>20,206</td>
<td>2,709</td>
<td>13.41%</td>
<td>1,780</td>
<td>8.81%</td>
</tr>
<tr>
<td>Arts and Sciences</td>
<td>158,093</td>
<td>14,132</td>
<td>8.94%</td>
<td>3,948</td>
<td>2.50%</td>
</tr>
<tr>
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<td>40,686</td>
<td>4,927</td>
<td>12.11%</td>
<td>1,561</td>
<td>3.84%</td>
</tr>
<tr>
<td>Built Environments</td>
<td>8,782</td>
<td>991</td>
<td>11.28%</td>
<td>436</td>
<td>4.96%</td>
</tr>
<tr>
<td>Dentistry</td>
<td>4,729</td>
<td>932</td>
<td>19.71%</td>
<td>596</td>
<td>12.60%</td>
</tr>
<tr>
<td>Education</td>
<td>18,344</td>
<td>2,332</td>
<td>12.71%</td>
<td>466</td>
<td>2.54%</td>
</tr>
<tr>
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<td>34,946</td>
<td>3,606</td>
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<td>1,918</td>
<td>5.49%</td>
</tr>
<tr>
<td>Environment</td>
<td>12,029</td>
<td>1,215</td>
<td>10.10%</td>
<td>620</td>
<td>5.15%</td>
</tr>
<tr>
<td>Evans School of Public Affairs</td>
<td>3,068</td>
<td>488</td>
<td>15.91%</td>
<td>236</td>
<td>7.69%</td>
</tr>
<tr>
<td>Interdisc. Grad. Programs</td>
<td>2,457</td>
<td>254</td>
<td>10.34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interdisc. Undergrad. Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interschool Programs</td>
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<td>7.27%</td>
</tr>
<tr>
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<td>5,322</td>
<td>792</td>
<td>14.88%</td>
<td>728</td>
<td>7.98%</td>
</tr>
<tr>
<td>Law</td>
<td>8,572</td>
<td>1,296</td>
<td>15.12%</td>
<td>845</td>
<td>9.86%</td>
</tr>
<tr>
<td>School of Nursing</td>
<td>9,128</td>
<td>1,328</td>
<td>14.55%</td>
<td>728</td>
<td>7.98%</td>
</tr>
<tr>
<td>Pharmacy</td>
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<td>702</td>
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<td>584</td>
<td>15.16%</td>
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<tr>
<td>Public Health</td>
<td>5,138</td>
<td>603</td>
<td>11.74%</td>
<td>233</td>
<td>4.53%</td>
</tr>
<tr>
<td>Social Work</td>
<td>6,969</td>
<td>751</td>
<td>10.78%</td>
<td>370</td>
<td>5.31%</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>9,945</td>
<td>604</td>
<td>6.07%</td>
<td>243</td>
<td>2.44%</td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>11,337</td>
<td>536</td>
<td>4.73%</td>
<td>282</td>
<td>2.49%</td>
</tr>
<tr>
<td>Unspecified</td>
<td>8,909</td>
<td>1,023</td>
<td>11.48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ALL UW TOTAL</strong></td>
<td><strong>345,483</strong></td>
<td><strong>34,891</strong></td>
<td>10.10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Alumni Participation by Constituency (Previous Fiscal Year)

<table>
<thead>
<tr>
<th>Area</th>
<th>Solicitable</th>
<th>To UW</th>
<th>Year to Date</th>
<th>To Unit</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Donors</td>
<td>Part Rate</td>
<td>Donors</td>
</tr>
<tr>
<td>UW Medicine</td>
<td>19,296</td>
<td>2,807</td>
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<td>3,580</td>
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<td>14.07%</td>
</tr>
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<td>Business School</td>
<td>38,811</td>
<td>5,201</td>
<td>13.40%</td>
<td>7,631</td>
<td>19.66%</td>
</tr>
<tr>
<td>Built Environments</td>
<td>8,372</td>
<td>959</td>
<td>11.45%</td>
<td>1,343</td>
<td>16.04%</td>
</tr>
<tr>
<td>Dentistry</td>
<td>4,598</td>
<td>872</td>
<td>18.96%</td>
<td>1,091</td>
<td>23.73%</td>
</tr>
<tr>
<td>Education</td>
<td>17,578</td>
<td>2,326</td>
<td>13.23%</td>
<td>3,173</td>
<td>18.05%</td>
</tr>
<tr>
<td>Engineering</td>
<td>33,380</td>
<td>3,654</td>
<td>10.95%</td>
<td>4,957</td>
<td>14.85%</td>
</tr>
<tr>
<td>Environment</td>
<td>11,457</td>
<td>1,264</td>
<td>11.03%</td>
<td>1,717</td>
<td>14.99%</td>
</tr>
<tr>
<td>Evans School of Public Affairs</td>
<td>2,773</td>
<td>456</td>
<td>16.44%</td>
<td>655</td>
<td>23.62%</td>
</tr>
<tr>
<td>Interdisc. Grad. Programs</td>
<td>2,239</td>
<td>254</td>
<td>11.34%</td>
<td>328</td>
<td>14.65%</td>
</tr>
<tr>
<td>Interdisc. Undergrad. Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interschool Programs</td>
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<td>15.92%</td>
<td>497</td>
<td>20.66%</td>
</tr>
<tr>
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<td>17.76%</td>
<td>1,075</td>
<td>22.02%</td>
</tr>
<tr>
<td>Law</td>
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<td>16.20%</td>
<td>1,766</td>
<td>21.87%</td>
</tr>
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<td>1,374</td>
<td>15.73%</td>
<td>1,715</td>
<td>19.63%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>3,705</td>
<td>776</td>
<td>20.94%</td>
<td>958</td>
<td>25.86%</td>
</tr>
<tr>
<td>Public Health</td>
<td>4,728</td>
<td>587</td>
<td>12.42%</td>
<td>787</td>
<td>16.65%</td>
</tr>
<tr>
<td>Social Work</td>
<td>6,543</td>
<td>770</td>
<td>11.77%</td>
<td>999</td>
<td>15.27%</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>8,323</td>
<td>579</td>
<td>6.96%</td>
<td>999</td>
<td>12.00%</td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>9,481</td>
<td>541</td>
<td>5.71%</td>
<td>971</td>
<td>10.24%</td>
</tr>
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<td>1,074</td>
<td>11.85%</td>
<td>1,442</td>
<td>15.91%</td>
</tr>
<tr>
<td><strong>ALL UW TOTAL</strong></td>
<td><strong>324,647</strong></td>
<td><strong>35,842</strong></td>
<td><strong>11.04%</strong></td>
<td><strong>50,041</strong></td>
<td><strong>15.41%</strong></td>
</tr>
</tbody>
</table>
The University of Washington Alumni Association is the broad-based engagement vehicle for University Advancement and the University of Washington. Through its strategically designed programs, the UW Alumni Association invites alumni, donors and friends to engage in the life of the UW. Research indicates that engaged alumni and friends are more inclined to support the University and its students. The UW Alumni Association is proud to develop a solid base of support for the University of Washington.

**UWAA Member Giving by Constituency**

<table>
<thead>
<tr>
<th>School</th>
<th>Solicitable Alumni Members</th>
<th>Member Donors</th>
<th>Alumni Giving</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medicine</td>
<td>20,206</td>
<td>1,931</td>
<td>826</td>
<td>42.78%</td>
<td>8.25%</td>
</tr>
<tr>
<td>Arts and Sciences</td>
<td>158,093</td>
<td>19,431</td>
<td>5,145</td>
<td>26.48%</td>
<td>3.71%</td>
</tr>
<tr>
<td>Business School</td>
<td>40,686</td>
<td>7,365</td>
<td>2,375</td>
<td>32.25%</td>
<td>3.88%</td>
</tr>
<tr>
<td>Built Environments</td>
<td>8,782</td>
<td>1,131</td>
<td>326</td>
<td>28.82%</td>
<td>5.91%</td>
</tr>
<tr>
<td>Dentistry</td>
<td>4,729</td>
<td>1,045</td>
<td>488</td>
<td>46.70%</td>
<td>7.19%</td>
</tr>
<tr>
<td>Education</td>
<td>18,344</td>
<td>2,851</td>
<td>896</td>
<td>31.43%</td>
<td>5.45%</td>
</tr>
<tr>
<td>Engineering</td>
<td>34,946</td>
<td>4,543</td>
<td>1,324</td>
<td>29.14%</td>
<td>5.07%</td>
</tr>
<tr>
<td>Environment</td>
<td>12,029</td>
<td>1,448</td>
<td>381</td>
<td>26.31%</td>
<td>4.82%</td>
</tr>
<tr>
<td>Evans School of Public Affairs</td>
<td>3,068</td>
<td>364</td>
<td>121</td>
<td>33.24%</td>
<td>8.91%</td>
</tr>
<tr>
<td>Interdisc. Grad. Programs</td>
<td>2,457</td>
<td>211</td>
<td>64</td>
<td>30.33%</td>
<td>5.97%</td>
</tr>
<tr>
<td>Interschool Programs</td>
<td>2,564</td>
<td>557</td>
<td>176</td>
<td>31.60%</td>
<td>6.03%</td>
</tr>
<tr>
<td>Information School</td>
<td>5,322</td>
<td>798</td>
<td>246</td>
<td>30.83%</td>
<td>8.24%</td>
</tr>
<tr>
<td>Law</td>
<td>8,572</td>
<td>1,112</td>
<td>463</td>
<td>41.64%</td>
<td>8.65%</td>
</tr>
<tr>
<td>School of Nursing</td>
<td>9,128</td>
<td>1,336</td>
<td>465</td>
<td>34.81%</td>
<td>7.97%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>3,851</td>
<td>643</td>
<td>288</td>
<td>44.79%</td>
<td>9.60%</td>
</tr>
<tr>
<td>Public Health</td>
<td>5,138</td>
<td>429</td>
<td>140</td>
<td>32.63%</td>
<td>7.14%</td>
</tr>
<tr>
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<td>6,969</td>
<td>610</td>
<td>194</td>
<td>31.80%</td>
<td>5.76%</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>9,945</td>
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<td>157</td>
<td>17.78%</td>
<td>2.39%</td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>11,337</td>
<td>830</td>
<td>131</td>
<td>15.78%</td>
<td>1.89%</td>
</tr>
<tr>
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<td>8,509</td>
<td>1,806</td>
<td>522</td>
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<td>2.75%</td>
</tr>
<tr>
<td>Non-Alumni</td>
<td>9,173</td>
<td>4,779</td>
<td>520</td>
<td>41.22%</td>
<td>10.80%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>345,483</strong></td>
<td><strong>55,138</strong></td>
<td><strong>17,623</strong></td>
<td><strong>31.96%</strong></td>
<td><strong>6.00%</strong></td>
</tr>
</tbody>
</table>

**Alumni Activity**

1 in 3.5 registrants at 2010 UW events were UWAA members
1 in 25 registrants at 2010 UW events were UW donors
3 in 4 registrants at 2010 UW events were Solicitable Alumni
1 in 25 UWAA members attended a 2010 UW event
1 in 3 2009-2010 Football/Basketball season ticket holders were UWAA members
1 in 7 UWAA members were 2009-2010 Football/Basketball season ticket holders

**Top 10 Membership by Class Year**

<table>
<thead>
<tr>
<th>Class Year</th>
<th>Part. Rate</th>
<th>Class Year</th>
<th>Population</th>
</tr>
</thead>
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<td>1,798</td>
</tr>
<tr>
<td>1953</td>
<td>21.63%</td>
<td>1971</td>
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</tr>
<tr>
<td>1954</td>
<td>21.56%</td>
<td>1973</td>
<td>1,114</td>
</tr>
<tr>
<td>1959</td>
<td>20.96%</td>
<td>1972</td>
<td>1,067</td>
</tr>
<tr>
<td>1946</td>
<td>20.85%</td>
<td>1974</td>
<td>1,067</td>
</tr>
<tr>
<td>1957</td>
<td>20.50%</td>
<td>1970</td>
<td>1,060</td>
</tr>
<tr>
<td>1956</td>
<td>20.44%</td>
<td>1976</td>
<td>1,045</td>
</tr>
<tr>
<td>1958</td>
<td>20.24%</td>
<td>1975</td>
<td>1,013</td>
</tr>
<tr>
<td>1960</td>
<td>20.09%</td>
<td>1977</td>
<td>978</td>
</tr>
<tr>
<td>1950</td>
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<td>1968</td>
<td>930</td>
</tr>
</tbody>
</table>

**Activity Participation - Rolling 3 Year Total**

<table>
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<tr>
<th>School</th>
<th>Participants</th>
<th>Part. Donors</th>
<th>% Donors</th>
<th>Alum Non-Part.</th>
<th>Alum Non-Par Donor</th>
<th>% Non-Part Donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medicine</td>
<td>5,184</td>
<td>3,549</td>
<td>68.46%</td>
<td>20,886</td>
<td>3,026</td>
<td>14.49%</td>
</tr>
<tr>
<td>Arts and Sciences</td>
<td>20,549</td>
<td>3,854</td>
<td>18.76%</td>
<td>139,493</td>
<td>7,014</td>
<td>5.03%</td>
</tr>
<tr>
<td>Built Environments</td>
<td>2,052</td>
<td>776</td>
<td>37.82%</td>
<td>7,353</td>
<td>609</td>
<td>8.28%</td>
</tr>
<tr>
<td>Business School</td>
<td>8,510</td>
<td>2,179</td>
<td>25.61%</td>
<td>33,651</td>
<td>2,967</td>
<td>8.82%</td>
</tr>
<tr>
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<td>2,144</td>
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<td>38.29%</td>
<td>2,852</td>
<td>396</td>
<td>13.88%</td>
</tr>
<tr>
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<td>2,308</td>
<td>278</td>
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<td>16,373</td>
<td>758</td>
<td>4.63%</td>
</tr>
<tr>
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<td>4,110</td>
<td>1,174</td>
<td>28.56%</td>
<td>31,732</td>
<td>2,952</td>
<td>9.30%</td>
</tr>
<tr>
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<td>1,788</td>
<td>737</td>
<td>41.22%</td>
<td>10,971</td>
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<td>8.45%</td>
</tr>
<tr>
<td>Evans School of Public Affairs</td>
<td>1,162</td>
<td>434</td>
<td>37.35%</td>
<td>2,215</td>
<td>276</td>
<td>12.46%</td>
</tr>
<tr>
<td>Graduate School</td>
<td>464</td>
<td>172</td>
<td>37.07%</td>
<td>2,268</td>
<td>7</td>
<td>0.31%</td>
</tr>
<tr>
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<td>4,589</td>
<td>676</td>
<td>14.73%</td>
</tr>
<tr>
<td>Law</td>
<td>2,732</td>
<td>1,051</td>
<td>38.47%</td>
<td>6,249</td>
<td>931</td>
<td>14.90%</td>
</tr>
<tr>
<td>Libraries</td>
<td>816</td>
<td>795</td>
<td>97.43%</td>
<td>8,190</td>
<td>1,208</td>
<td>14.75%</td>
</tr>
<tr>
<td>Nursing</td>
<td>1,252</td>
<td>443</td>
<td>35.38%</td>
<td>8,190</td>
<td>1,208</td>
<td>14.75%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>567</td>
<td>329</td>
<td>58.02%</td>
<td>3,557</td>
<td>859</td>
<td>24.15%</td>
</tr>
<tr>
<td>Public Health</td>
<td>837</td>
<td>261</td>
<td>31.18%</td>
<td>4,207</td>
<td>362</td>
<td>8.60%</td>
</tr>
<tr>
<td>Social Work</td>
<td>1,201</td>
<td>488</td>
<td>40.63%</td>
<td>6,117</td>
<td>575</td>
<td>9.40%</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>1,141</td>
<td>282</td>
<td>24.72%</td>
<td>9,447</td>
<td>717</td>
<td>7.59%</td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>959</td>
<td>332</td>
<td>34.62%</td>
<td>10,928</td>
<td>888</td>
<td>8.13%</td>
</tr>
</tbody>
</table>

1 Members include paid Annual Members, Lifetime Members, and TPC Level Donors  
2 3-Years consists of any activity since 7/1/2009  
3 Activity is based on a unit affiliated Alumni or Donor being labeled as a positive RSVP, host, speaker, or participant at any tracked UW activity.

Source: University of Washington Alumni Association
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Grant and Contract Awards Summary – February 2013

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents accept the Grant and Contract Awards of $1,000,000 or more as presented in the attached report.

Attachment
Grant and Contract Awards Summary – February 2013
Grant and Contract Awards Summary

to

The Board of Regents

of the

University of Washington

for

February 2013

Office of Research
Office of Sponsored Programs

The numbers provided in this report are subject to adjustment at the time that the Annual Report of Sponsored Activity is published. The changes would reflect modifications and additions to existing awards.
<table>
<thead>
<tr>
<th>Table of Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graphical Summary of Award Activity 3</td>
</tr>
<tr>
<td>Summary of Grant and Contract Awards 4</td>
</tr>
<tr>
<td>Comparison of Grants and Contract Awards by Agency 5</td>
</tr>
<tr>
<td>Comparison of Grants and Contract Awards by School/College 6</td>
</tr>
<tr>
<td>Summary of Grant Awards – Excluding Private Awards 8</td>
</tr>
<tr>
<td>Summary of Grant Awards - Private Awards 9</td>
</tr>
<tr>
<td>Summary of Contract Awards 10</td>
</tr>
<tr>
<td>Report of Grant &amp; Contract Awards over $1,000,000 11</td>
</tr>
</tbody>
</table>
### Summary of Grant and Contract Awards

**Fiscal Year 2012-2013**

<table>
<thead>
<tr>
<th>Month</th>
<th>RESEARCH AND OTHER</th>
<th>TRAINING</th>
<th>Total Grants and Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>Non-Federal</td>
<td>Federal</td>
</tr>
<tr>
<td>July</td>
<td>$63,287,280</td>
<td>$18,323,480</td>
<td>$6,096,881</td>
</tr>
<tr>
<td>August</td>
<td>$95,530,390</td>
<td>$28,646,810</td>
<td>$6,407,729</td>
</tr>
<tr>
<td>September</td>
<td>$101,729,700</td>
<td>$31,174,910</td>
<td>$5,665,848</td>
</tr>
<tr>
<td>October</td>
<td>$58,093,380</td>
<td>$26,190,450</td>
<td>$9,919,787</td>
</tr>
<tr>
<td>November</td>
<td>$32,093,950</td>
<td>$46,816,510</td>
<td>$1,362,555</td>
</tr>
<tr>
<td>December</td>
<td>$30,726,470</td>
<td>$31,174,950</td>
<td>$482,764</td>
</tr>
<tr>
<td>January</td>
<td>$42,785,840</td>
<td>$41,735,090</td>
<td>$181,999</td>
</tr>
<tr>
<td>February</td>
<td>$37,279,300</td>
<td>$23,888,090</td>
<td>$1,152,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY13 to Date</th>
<th>FY12 to Date</th>
<th>Over (Under) Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$461,526,317</td>
<td>$537,864,797</td>
<td>($76,338,480)</td>
</tr>
<tr>
<td></td>
<td>$247,950,279</td>
<td>$279,186,845</td>
<td>($31,236,566)</td>
</tr>
<tr>
<td></td>
<td>$31,269,663</td>
<td>$34,729,802</td>
<td>($3,460,139)</td>
</tr>
<tr>
<td></td>
<td>$13,364,177</td>
<td>$13,326,688</td>
<td>$37,488</td>
</tr>
<tr>
<td></td>
<td>$754,110,436</td>
<td>$865,108,133</td>
<td>($110,997,696)</td>
</tr>
</tbody>
</table>

Assuming acceptance of all awards by the Board of Regents

5/9/13
### Comparison of Grant and Contract Awards by Agency

#### Fiscal Years 2011-2012 and 2012-2013

<table>
<thead>
<tr>
<th>Agency</th>
<th>Jul-Feb FY12</th>
<th>Jul-Feb FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Department of Defense (DOD)</td>
<td>$47,744,643</td>
<td>$39,883,062</td>
</tr>
<tr>
<td>US Department of Education (DOEd)</td>
<td>$18,043,049</td>
<td>$16,174,178</td>
</tr>
<tr>
<td>US Department of Energy (DOE)</td>
<td>$18,880,811</td>
<td>$14,793,934</td>
</tr>
<tr>
<td>US Department of Health and Human Services (DHHS)</td>
<td>$351,057,948</td>
<td>$302,895,473</td>
</tr>
<tr>
<td>National Science Foundation (NSF)</td>
<td>$65,248,569</td>
<td>$70,436,095</td>
</tr>
<tr>
<td>Other Federal</td>
<td>$71,619,579</td>
<td>$48,613,239</td>
</tr>
</tbody>
</table>

**Subtotal for Federal:**

|                  | $572,594,599  | $492,795,980  |

| Associations and Non-Profits                      | $114,902,499  | $114,023,443  |
| Foundations                                       | $66,222,904   | $51,902,686   |
| Local Government (in Washington)                  | $2,338,102    | $4,482,799    |
| Other Government (not in Washington)              | $28,144,475   | $32,187,211   |
| Private Industry                                  | $44,754,898   | $42,862,605   |
| State of Washington                               | $36,150,656   | $15,855,711   |

**Subtotal for Non-Federal:**

|                  | $292,513,533  | $261,314,456  |

**Grand Total:**

|                  | $865,108,133  | $754,110,436  |

**Amount of Increase (Decrease):**

|                  | ($110,997,696) |

**Percent of Increase (Decrease):**

|                  | (12.8 %)       |
### Comparison of Grant and Contract Awards by School/College

**Fiscal Years 2011-2012 and 2012-2013**

<table>
<thead>
<tr>
<th>School/College</th>
<th>Jul-Feb FY12</th>
<th>Jul-Feb FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper Campus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architecture and Urban Planning</td>
<td>$875,504</td>
<td>$1,566,910</td>
</tr>
<tr>
<td>Arts and Sciences</td>
<td>$56,701,535</td>
<td>$55,531,496</td>
</tr>
<tr>
<td>College of the Environment</td>
<td>$102,296,928</td>
<td>$83,579,105</td>
</tr>
<tr>
<td>Computing &amp; Communications</td>
<td></td>
<td>$300,000</td>
</tr>
<tr>
<td>Director of Libraries</td>
<td>$5,336,571</td>
<td>$96,806</td>
</tr>
<tr>
<td>Education</td>
<td>$16,365,872</td>
<td>$20,288,021</td>
</tr>
<tr>
<td>Educational Outreach</td>
<td>$50,000</td>
<td>$92,000</td>
</tr>
<tr>
<td>Engineering</td>
<td>$68,479,536</td>
<td>$61,668,268</td>
</tr>
<tr>
<td>Evans School of Public Affairs</td>
<td>$1,665,846</td>
<td>$4,479,434</td>
</tr>
<tr>
<td>Executive Vice President</td>
<td></td>
<td>$10,000</td>
</tr>
<tr>
<td>Foster School of Business</td>
<td>$282,543</td>
<td>$752,985</td>
</tr>
<tr>
<td>Graduate School</td>
<td>$3,130,591</td>
<td>$3,721,236</td>
</tr>
<tr>
<td>Information School</td>
<td>$3,952,729</td>
<td>$5,228,138</td>
</tr>
<tr>
<td>Law</td>
<td>$3,602,575</td>
<td>$354,240</td>
</tr>
<tr>
<td>Office of Research</td>
<td>$37,368,240</td>
<td>$44,300,230</td>
</tr>
<tr>
<td>Provost</td>
<td>$29,468</td>
<td>$100,000</td>
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<tr>
<td>Social Work</td>
<td>$12,775,280</td>
<td>$15,665,207</td>
</tr>
<tr>
<td>Undergraduate Education</td>
<td>$939,534</td>
<td>$252,563</td>
</tr>
<tr>
<td>VP Minority Affairs</td>
<td>$9,050,947</td>
<td>$6,418,342</td>
</tr>
<tr>
<td>VP Student Life</td>
<td>$46,000</td>
<td>$23,498</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$322,949,698</td>
<td>$304,428,478</td>
</tr>
<tr>
<td><strong>Health Sciences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dentistry</td>
<td>$2,162,561</td>
<td>$3,046,309</td>
</tr>
<tr>
<td>Health Sciences Admin</td>
<td>$1,690</td>
<td></td>
</tr>
<tr>
<td>Medicine</td>
<td>$404,470,747</td>
<td>$353,095,360</td>
</tr>
<tr>
<td>Nursing</td>
<td>$8,854,792</td>
<td>$5,123,105</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$18,937,068</td>
<td>$11,511,991</td>
</tr>
<tr>
<td>Public Health</td>
<td>$75,080,032</td>
<td>$56,447,128</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$509,506,890</td>
<td>$429,223,893</td>
</tr>
<tr>
<td><strong>Special Programs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol and Drug Abuse Institute</td>
<td>$2,665,788</td>
<td>$1,836,684</td>
</tr>
<tr>
<td>CHDD Administration</td>
<td>$6,416,067</td>
<td>$3,653,199</td>
</tr>
<tr>
<td>Regional Primate Center</td>
<td>$18,575,196</td>
<td>$6,352,175</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$27,657,051</td>
<td>$11,842,058</td>
</tr>
<tr>
<td><strong>Other UW Campuses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bothell</td>
<td>$3,895,504</td>
<td>$6,232,132</td>
</tr>
<tr>
<td>Tacoma</td>
<td>$1,098,990</td>
<td>$2,383,875</td>
</tr>
</tbody>
</table>

Assuming acceptance of all awards by the Board of Regents

5/9/13
<table>
<thead>
<tr>
<th>School/College</th>
<th>Jul-Feb FY12</th>
<th>Jul-Feb FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other UW Campuses</td>
<td>Subtotal: $4,994,494</td>
<td>$8,616,007</td>
</tr>
<tr>
<td></td>
<td>Grand Total: $865,108,133</td>
<td>$754,110,436</td>
</tr>
</tbody>
</table>

Assuming acceptance of all awards by the Board of Regents

5/9/13
<table>
<thead>
<tr>
<th>Month</th>
<th>RESEARCH AND OTHER</th>
<th>TRAINING</th>
<th>Total Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>Non-Federal</td>
<td>Federal</td>
</tr>
<tr>
<td>July</td>
<td>$ 62,351,620</td>
<td>$ 2,403,687</td>
<td>$ 6,096,881</td>
</tr>
<tr>
<td>August</td>
<td>$ 91,723,700</td>
<td>$ 3,193,595</td>
<td>$ 6,378,898</td>
</tr>
<tr>
<td>September</td>
<td>$ 92,127,540</td>
<td>$ 3,356,014</td>
<td>$ 5,475,443</td>
</tr>
<tr>
<td>October</td>
<td>$ 54,136,740</td>
<td>$ 5,507,575</td>
<td>$ 9,919,787</td>
</tr>
<tr>
<td>November</td>
<td>$ 24,632,230</td>
<td>$ 2,542,720</td>
<td>$ 1,362,555</td>
</tr>
<tr>
<td>December</td>
<td>$ 23,716,690</td>
<td>$ 7,567,248</td>
<td>$ 482,764</td>
</tr>
<tr>
<td>January</td>
<td>$ 40,779,520</td>
<td>$ 4,114,550</td>
<td>$ 160,000</td>
</tr>
<tr>
<td>February</td>
<td>$ 36,869,970</td>
<td>$ 5,103,571</td>
<td>$ 1,152,100</td>
</tr>
<tr>
<td><strong>Year to Date</strong></td>
<td><strong>$ 426,338,000</strong></td>
<td><strong>$ 33,788,960</strong></td>
<td><strong>$ 31,028,430</strong></td>
</tr>
</tbody>
</table>
## Summary of Grant Awards

**Fiscal Year 2012-2013**

*Private awards from Foundations, Industry, Associations and Others*

<table>
<thead>
<tr>
<th>Month</th>
<th>RESEARCH AND OTHER</th>
<th>TRAINING</th>
<th>Total Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$8,614,872</td>
<td>$360,854</td>
<td>$8,975,726</td>
</tr>
<tr>
<td>August</td>
<td>$21,030,180</td>
<td>$87,229</td>
<td>$21,117,410</td>
</tr>
<tr>
<td>September</td>
<td>$23,906,580</td>
<td>$80,966</td>
<td>$23,987,550</td>
</tr>
<tr>
<td>October</td>
<td>$13,564,360</td>
<td>$1,330,680</td>
<td>$14,895,040</td>
</tr>
<tr>
<td>November</td>
<td>$35,451,130</td>
<td>$604,631</td>
<td>$36,055,760</td>
</tr>
<tr>
<td>December</td>
<td>$17,214,480</td>
<td>$1,050,346</td>
<td>$18,264,830</td>
</tr>
<tr>
<td>January</td>
<td>$31,868,170</td>
<td>$85,001</td>
<td>$31,953,170</td>
</tr>
<tr>
<td>February</td>
<td>$8,390,184</td>
<td>$124,009</td>
<td>$8,514,193</td>
</tr>
<tr>
<td><strong>Year to Date</strong></td>
<td><strong>$160,040,000</strong></td>
<td><strong>$3,723,716</strong></td>
<td><strong>$163,763,700</strong></td>
</tr>
</tbody>
</table>
### Summary of Contract Awards

**Fiscal Year 2012-2013**

<table>
<thead>
<tr>
<th>Month</th>
<th>RESEARCH AND OTHER</th>
<th>TRAINING</th>
<th>Total Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>Non-Federal</td>
<td>Federal</td>
</tr>
<tr>
<td>July</td>
<td>$935,659</td>
<td>$7,304,925</td>
<td>$0</td>
</tr>
<tr>
<td>August</td>
<td>$3,806,685</td>
<td>$4,423,034</td>
<td>$28,831</td>
</tr>
<tr>
<td>September</td>
<td>$9,602,160</td>
<td>$3,912,312</td>
<td>$190,405</td>
</tr>
<tr>
<td>October</td>
<td>$3,956,642</td>
<td>$7,118,512</td>
<td>$0</td>
</tr>
<tr>
<td>November</td>
<td>$7,461,719</td>
<td>$8,822,660</td>
<td>$0</td>
</tr>
<tr>
<td>December</td>
<td>$7,009,779</td>
<td>$6,393,217</td>
<td>$0</td>
</tr>
<tr>
<td>January</td>
<td>$2,006,323</td>
<td>$5,752,365</td>
<td>$21,999</td>
</tr>
<tr>
<td>February</td>
<td>$409,332</td>
<td>$10,394,330</td>
<td>$0</td>
</tr>
<tr>
<td>Year to Date</td>
<td>$35,188,300</td>
<td>$54,121,360</td>
<td>$241,235</td>
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</tbody>
</table>
Report of Grant and Contract Awards
of $1,000,000 or More

February 2013

Requiring action of
The Board of Regents
of the
University of Washington

Office of Research
Office of Sponsored Programs
<table>
<thead>
<tr>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US Department of Energy (DOE)</strong></td>
</tr>
</tbody>
</table>
| **US Department of Energy (DOE)**
To: David B. Kaplan, Director
Inst Nuclear Theory
For: National Institute for Nuclear Theory
Eff: 3/1/2009  Classified: No

To: Mary Lidstrom, Vice Provost
Office Of Research
For: Bio-GTL: Novel Biocatalyst for Conversion of Natural Gas into Diesel Fuel
Eff: 2/1/2013  Classified: No

**Total for US Department of Energy (DOE):** $5,187,720

**Total for US Department of Energy (DOE):** $5,187,720

<table>
<thead>
<tr>
<th><strong>US Department of Health and Human Services (DHHS)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Centers for Disease Control and Prevention (CDC)</strong></td>
</tr>
</tbody>
</table>
To: Scott Barnhart, Professor
Global Health
For: Reducing new HIV infections in Bonjanala Platinum and Dr. Ruth Segomotsi Momapti, North West Province, Republic of South Africa
Eff: 9/30/2012  Classified: No

To: Scott Barnhart, Professor
Global Health
For: Establishing and Strengthening COEs as Regional Health System Hubs
Eff: 9/30/2012  Classified: No

**Total for Centers for Disease Control and Prevention (CDC):** $3,428,034

<table>
<thead>
<tr>
<th><strong>National Institutes of Health (NIH)</strong></th>
</tr>
</thead>
</table>
| **National Institutes of Health (NIH)**
To: Samuel I Miller, Professor
Microbiology
For: NW Regional Center of Excellence in Biodefense and Emerging Infectious Diseases
Eff: 3/1/2013  Classified: No

**National Institute of Child Health and Human Development (NICHD)**
To: VIRGINIA Wise Berninger, Professor
Dept Of Education
For: Defining and Treating Written Language Disabilities
Eff: 12/1/2012  Classified: No

**Total for National Institute of Child Health and Human Development (NICHD):** $1,410,532

Assuming acceptance of all awards by the Board of Regents
5/9/13
Detail of Public Grant Awards

Federal

US Department of Health and Human Services (DHHS)

National Institutes of Health (NIH)

National Institute of General Medical Sciences (NIGMS)

To: Carl Blau, Professor
Department Of Medicine
For: Self renewal and differentiation of pluripotent stem cells
Eff: 12/17/2012

Total for National Institute of General Medical Sciences (NIGMS): $ 1,981,899

Total for National Institutes of Health (NIH): $ 10,410,319

Total for US Department of Health and Human Services (DHHS): $ 13,838,353

Total for Federal: $ 19,026,073

Other Government (not in Washington)

University of Michigan, Ann Arbor

To: Peter Nelson, Professor
Department Of Medicine
For: Precision Therapy of Advanced Prostate Cancer
Eff: 8/1/2012

Total for University of Michigan, Ann Arbor: $ 1,364,000

Total for Other Government (not in Washington): $ 1,364,000

Total Public Grants: $ 20,390,073

Detail of Contract Awards

Private Industry

OceanGate, Inc.

To: Robert T Miyamoto, Associate Director
Applied Physics Lab
For: Deep Ocean Exploration Submersible
Eff: 2/22/2013

Total for OceanGate, Inc.: $ 4,983,589

Total for Private Industry: $ 4,983,589

Total Contracts: $ 4,983,589

Grand Total for all Awards $ 25,373,662

Assuming acceptance of all awards by the Board of Regents

F–2.1/205-13 5/9/13
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities 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 $1,000,000 in value or cost but are less than $5,000,000, the Administration may approve and execute all instruments.

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

1. UW Tacoma Soils Remediation, Project No. 1752E
   Action Reported: Budget Adjustment

On April 2, 2013, the budget for the UW Tacoma Soils Remediation Project was increased from $2,600,000 to $3,681,519. The budget adjustment captures costs for previous groundwater monitoring, additional engineering and planned costs associated with the Howe Plume cleanup, which is an interim action recently approved by the Department of Ecology (DOE) and formally sanctioned by amendments to an Agreed Order.

The UW Tacoma Soils Remediation project was established in 1994 to perform soil contamination investigation of the UW Tacoma campus for the purpose of establishing the source of contamination and to recommend the best clean up strategies. This project specified the UW responsibilities under an Agreed Order with the DOE to complete a Remedial Investigation/ Feasibility Study (RI/FS) report for the entire UW Tacoma Campus, including public comment on the RI/FS report and negotiating with DOE a new Agreed Order to implement the remedial actions.

Soil/groundwater remediation of the Howe Plume is scheduled to start in July 2013 and will be completed in November 2013.

The project is funded for $3,681,519 of which $3,407,832 is from State funding and $273,687 is local funding.
B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 2)

<table>
<thead>
<tr>
<th>Budget Summary</th>
<th>Previous Approved Budget</th>
<th>Revised Budget and Forecast Cost to Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Consultant Services</td>
<td>$1,652,020</td>
<td>$2,211,000</td>
</tr>
<tr>
<td>Total Construction Cost*</td>
<td>$517,551</td>
<td>$943,970</td>
</tr>
<tr>
<td>Other Costs</td>
<td>$270,429</td>
<td>$241,921</td>
</tr>
<tr>
<td>Project Administration</td>
<td>$160,000</td>
<td>$284,628</td>
</tr>
<tr>
<td>Total Project Budget</td>
<td>$2,600,000</td>
<td>$3,681,519</td>
</tr>
</tbody>
</table>

*Includes construction contract amount, contingencies and state sales tax.

Previous Action Reported: March 2007: Budget Adjustment

2. Magnuson Health Sciences Center (MHSC) AA, B, C, D, E, F and G Wings Roof Replacement, Project No. 203452
   Action Reported: Select Architect

On June 15, 2012, an architectural agreement was awarded to S. M. Stemper Architects (Stemper) for the MHSC AA, B, C, D, E, F and G Wings Roof Replacement project. Stemper replaced the architect selected for the predesign phase. In February 2012, the Capital Projects Office selected three firms from the Shared Procurement Portal system. Interviews were conducted on March 7, 2012, with S. M. Stemper Architects, OAC Services, and SHKS Architects. Stemper was selected as the most qualified firm for this project. The agreement is for architectural design in the amount of $203,006 (a portion of the total budget of $403,689 for design consultants). The balance of the design budget is for previously completed predesign work with the remainder intended for a hazardous materials consultant, permit expeditor, and unknown conditions requiring additional engineering services by mechanical, electrical and/or structural consultants.

Stemper is a fifteen-person Seattle firm founded in 1988. They have significant experience working with educational institutions in the Puget Sound region, including a successful track record with the University of Washington. Stemper’s work with the University has focused on building envelope restoration work, including roof replacements, building exterior renewals, and elevator modernizations.
VII.  STANDING COMMITTEES

B.  Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 3)

This project will replace nineteen roofs on the AA, B, C, D, E, F and G wings of the Magnuson Health Sciences Center. A portion of the work includes new overflow drains, where necessary, modifications to some perimeter roof curbs/edges to facilitate insulation upgrades at slopes and revising mounting supports for rooftop ventilation equipment. In addition to replacing roofs, the work will provide building improvements that will allow workers to access the roof safely by upgrading access ladders.

Design completion is scheduled for June 2013. The construction schedule is dependent on available future funding.

The anticipated project cost is approximately $3.7 million. The project budget will be established when the funding is received. Funding was requested as part of the 2013-2015 State biennium funding request. This project is funded for $556,207, of which $200,000 is from State funding and $356,207 is from local funding.

Previous Action Reported: February 2011: Select Architect (Predesign)

3.  UW IT Operation Risk Assessment Project No. 203845
   Actions Reported: Select Architect and Adopt Budget

On February 12, 2013, an engineering agreement was awarded to Notkin Mechanical Engineers (Notkin) for the UW IT Operation Risk Assessment project under its existing Master Term for Engineering Services contract. The agreement is for engineering services in the amount is $151,672 (a portion of the total budget of $343,442 for design consultants). The balance of the design budget is for a previously completed predesign with the remainder intended for a hazardous materials consultant, landscape services, commissioning, and design services to review the emergency power generator locations. On February 1, 2013, the project budget was established at $2,100,000.

Notkin is a Seattle firm founded in 1951, and currently employs a total of thirty mechanical engineers, technicians, and administrative staff. Notkin has provided services to the University of Washington for multiple UWMC and HMC projects, including the UWMC Expansion, HMC Vascular Center for Excellence and HMC Transfusion Support Services Clinic. Notkin Mechanical Engineers has also provided services for a broad range of project types for a variety of clients, including Benaroya Hall, Tacoma Museum of Glass and Seattle Public Utilities Operations Command Center Upgrade.
B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 4)

The project will renovate two existing Seattle Campus basement level router rooms, one in Atmospheric Sciences and the other in Kane Hall. This project will bring both rooms up to current standards for Tier II data centers, as defined by the Telecommunications Infrastructure Standards for Data Centers (TIA/EIA-942), UW IT Standards, and current Building Code requirements. For operational necessity the rooms will remain in use, so phased construction is planned.

Design completion is scheduled for June 2013 with construction beginning in October 2013, and lasting through March 2014.

Funding of this project is coming from the following sources: $350,000 from the current UW IT Capital Funds with the remaining balance of $1,750,000 coming from the UW IT Infrastructure Emergency budget.

<table>
<thead>
<tr>
<th>Budget Summary</th>
<th>Current Approved Budget</th>
<th>Forecast Cost At Completion</th>
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*Includes construction contract amount, contingencies and state sales tax.

Previous Action Reported: None

4. Magnuson Health Sciences Center (MHSC) F and J Wings Roof Replacement Project No. 204005
Action Reported: Select Architect

On December 14, 2012, an architectural agreement was awarded to S. M. Stemper Architects (Stemper) for the MHSC F and J Wings Roof Replacement project. In July 2012, the Capital Projects Office selected three firms via the Shared Procurement Portal system. Interviews were conducted on August 9, 2012, with S.M. Stemper Architects, OAC Services and SHKS Architects. Stemper was selected as the most qualified firm for this project. The agreement amount is $143,527 for basic services which is included in a budget value of $212,527 for design consultants. The balance of the design budget is intended for a hazardous materials consultant, permit expeditor, and unknown conditions requiring additional consultant work by mechanical and/or structural consultants.
Stemper is a fifteen-person Seattle firm founded in 1988. They have significant experience working with educational institutions in the Puget Sound region, including a successful track record with the University of Washington. Stemper’s work with the University has focused on building envelope restoration work, including roof replacements, building exterior renewals, and elevator modernizations.

This project will replace eleven low-slope roofs on the F and J wings of the Magnuson Health Sciences Center. A portion of the work includes new overflow drains, where necessary, modifications to some perimeter roof curbs/edges to facilitate insulation upgrades and slopes perimeter, and revising mounting supports for rooftop ventilation equipment. In addition to replacing the roof, the work will provide building improvements that will allow workers to access the roof safely by upgrading access ladders.

The anticipated project cost is approximately $3.5 million. The project budget will be established when the funding for the balance of the work is received. Funding was requested as part of the 2013-2015 State biennium funding request. This project is funded for $313,594 from State funding.

Previous Action Reported: None
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Audit Committee that the Regents approve the 2013 Restated Bylaws of the University of Washington Foundation. Revisions include revisions to term length and updates to the committee structure, as well as several housekeeping revisions including revisions to the numbering system. A copy of the 2013 Restated Bylaws is attached, and the changes have been described below.

BACKGROUND

The University of Washington Foundation was established in October 1988, and the Bylaws governing the Foundation were duly approved by the Board of Regents. The 2013 Restated Bylaws, Article XIII, Section 13.6 provide that “the authority to make, amend or repeal the Bylaws of the corporation is vested in the Board of Directors, and may be exercised at any regular or special meeting of the Board of Directors; provided, that before any amendment or repeal of Article II (Purposes and Management); Section 3.4 (Board of Directors Quorum); Article IV (At Large Directors); Article V (Representative Directors); Article VI (Ex Officio Directors); Article VII (Executive Committee); Sections 12.4 (President), 12.7 (Officer Vacancies) and 12.8 (Officer Removal); and Sections 13.3 (Expenses of Corporation) or 13.6 (Amendment of Bylaws) takes effect, any such amendment or repeal must be approved by the Board of Regents of the University of Washington.”

- **Article II Purpose and Management.**

  Section 2.3 Total Board Management. The total membership for the UWF is revised from 62 to “not less than 60” to reflect the reality of one director holding multiple offices without being counted multiple times. This change will now avoid redundancies. The cap to the board was removed to allow the UWF to be responsive to and reflective of the needs of the University of Washington.

  Section 2.4 Selecting Nominees. The section was removed in its entirety because this purpose is sufficiently restated in Section 2.1 Purpose.

- **Article III Board of Directors–At Large Directors.**

  Article III has now been moved to Article IV. It was moved to have all articles describing directors for the UWF run consecutively.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws (continued p. 2)

- **Article IV Ex Officio Directors.**

  Article IV has been moved to Article VI so that all articles prescribing issues for elected officers to be listed prior to the ex officio officers.

  **Section 4.1 Foundation Officers.** This section specified that all UWF officers are Ex Officio Directors. It has been removed because all UWF officers, except the Immediate Past Chair, are not Ex Officio Directors in fact, since they are elected.

- **Article IV At Large Directors.**

  Article has been retitled from “Board of Directors—At Large Directors” to “At Large Directors” to create consistent language throughout all articles describing directors and decrease redundancies.

  **Section 4.1 Number.** The clause setting the number of At Large Directors has been altered where the previous maximum of 15 At Large Directors is now the minimum; and the number of At Large Directors may reach the maximum of 25.

  **Section 4.2 Election and Term of Office of At Large Directors.** The language limiting the terms of office for At Large Directors has been removed to allow for greater flexibility in succession planning and continuity of volunteer leadership.

  **Section 4.3 Vacancies.** The language prescribing that At Large Directors who are elected to the board to fill a vacancy shall serve out the expired term of the previous director has been removed to reflect the practical process of the UWF where all persons elected to the UWF serve a full term.

- **Article V Representative Directors.**

  **Section 5.1 Representatives Directors.** All references, throughout the bylaws, to representative directors or unit representatives have now all been replaced with the term “Representative Director(s)” to provide for consistency of terms.

  Further, the word “have” has been changed to “elect or renew” to clarify the process for Representative Directors to be listed in their entirety every year at the Annual Meeting of the UWF.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws (continued p. 3)

Section 5.2 Selection and Terms. Language prescribing that the Nominating Committee of the UWF will deliberate with regard to Representative Directors has been removed. Representative Director nominees will be presented to the Nominating Committee of the UWF for ratification, by the Dean, CEO, or appointing official, to allow for synchronization of volunteer leadership throughout the University of Washington.

The term for the Representative Directors has been altered from three years to an annual cycle to reflect the varied volunteer leadership structures within the respective units.

The language limiting the terms of office for Representative Directors has been removed to allow for greater flexibility in succession planning and continuity of volunteer leadership.

Language detailing the process for removal of Representative Directors by the Nominating Committee of the UWF has been removed as it does not reflect the collegial and communicative relationship between the UWF and the University of Washington with regard to Representative Directors.

Section 5.3 Schedule of Elections: Initial Terms. This section has been removed in its entirety as it specifically refers to the UWF elections in 2007-2009. The process for elections is reflected in guidelines and other election schedules separate from these bylaws.

- Article VI Executive Committee.

Article VI has been moved in its entirety to Article VII to allow for all articles prescribing information with regard to directors to be listed respectively.

- Article VI Ex Officio Directors.

Section 6.2 Certain University of Washington Representatives. Certain members of the University of Washington administration have been added to the UWF in Ex Officio Director positions to reflect positions that have a substantive relationship with the missions of the UWF including the Vice Provost for Planning and Budgeting.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws (continued p. 4)

The Executive Vice President has now been changed to the Treasurer for the Board of Regents to reflect the intent to include the individual holding the position that oversees the Office of Treasury at the University of Washington and thereby the endowment of the University of Washington.

The Vice Provost for Planning and Budgeting has been added to the board as a result of the integral role the office has in support of the philanthropic ventures of the University of Washington.

Other titles were changed to reflect current titles at the University of Washington. Such changes were carried throughout the document for consistency.

With regard to the faculty representative appointment, the phrase “after consultation” with the Chair of the Faculty Senate was revised to “in communication” to allow for the business of the UWF to move forward without delay due to scheduling and timing issues, but still maintain the key relationship between the faculty representative the Faculty Senate.

Section 6.6 University of Washington Student Representative. Language was added to allow for one or more representatives of the student body to be added to the UWF to allow for flexibility in support of the goals of the UWF and the University of Washington.

Section 6.8 Directors for Life. This section was altered to allow for Directors for Life to count toward quorum to allow the UWF to practically execute its business.

- Article VII Meetings of Boards of Directors and Executive Committee.

Moved in its entirety to Article III, and renumbered. No substantive changes made.

- Article VII Executive Committee.

Section 7.1 Composition of the Executive Committee. The listing of the members of the Executive Committee has been reorganized to provide for continuity and clarity. Although co-chairs of committees for the UWF will be members of the Executive Committee, all names of the committees have been removed to reflect the changes in Article VIII.

Section 7.2 Powers of the Executive Committee. The title of “outside auditor” has been revised to read “external auditor” to reflect industry norms.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws (continued p. 5)

- Article VIII Standing, Advisory, and Other Committees.

  Section 8.1 Standing Committees. All committees named in Section 8.1 have been removed to allow for the UWF to create and dissolve committees from time to time in accordance with the needs of the UWF without having to revise the bylaws. All Standing Committees will still be required to create formation documents which will be held in the office of the University of Washington Foundation and such committees, members, and co-chairs thereof will be appointed by resolution at the Annual Meeting of the UWF.

  Section 8.1.1 Nominating Committee. This section was removed per changes in Section 8.1. See above.

  Section 8.1.2 Award and Recognition Committee. This section was removed per changes in Section 8.1. See above.

  Section 8.1.3 President’s Clubs and Annual Giving Committee. This section was removed per changes in Section 8.1. See above.

  Section 8.1.4 Estate and Gift Planning Council. This section was removed per changes in Section 8.1. See above.

  Section 8.1.5 Student Support Committee. This section was removed per changes in Section 8.1. See above.


  Section 13.6 Amendment of Bylaws. Language has been added to provide for clerical, typographical, and grammatical errors to be corrected without constituting an amendment to the bylaws.

  Section 13.8 Repeal. Dates were changed within this section to reflect this most current revision of the bylaws and repeal all other outstanding bylaws, namely the 2007 Restated Bylaws of the University of Washington Foundation.

- Clerical revisions

  All references to representative directors or unit representatives have now all been replaced with the term “Representative Directors” to provide for consistency of terms.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Foundation Bylaws (continued p. 6)

Underline omitted under certain punctuations in headings for purposes of consistency.

Other changes were made to correct spacing, formatting, and grammatical inconsistencies.

Changes were made throughout the document to reflect renumbering affected by revisions.

Attachment
2013 Restated Bylaws of the University of Washington Foundation
2013 RESTATED BYLAWS

OF

THE UNIVERSITY OF WASHINGTON FOUNDATION

ARTICLE I

Membership

The corporation shall have no members.

ARTICLE II

Purposes and Management

Section 2.1 Purpose. The purpose of the corporation shall be to operate exclusively for charitable, scientific, literary, or educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended, or any successor provision or code). The primary purposes of the corporation shall be to solicit private contributions to, or for the benefit of, the University of Washington and its affiliated non-profit entities; to receive, hold, invest and administer contributions and other property; to make expenditures to, or for the benefit of, the University of Washington; and to otherwise promote and support, directly or indirectly, the purposes of the University of Washington.

Section 2.2 Management. The affairs of the corporation shall be managed by the Board of Directors.

Section 2.3 Total Board Management. The Board is made up of At Large, Ex Officio and Representative directors. These Bylaws permit the Board to change, by resolution, the number of directors in each category. These Bylaws are drawn on the basis that the Board's total membership shall be not less than 60. This provision may also be changed by a resolution of the Board provided that a change is also made in one or more of the categories of membership to achieve a number consistent with such resolution.
ARTICLE III

Meetings of Board of Directors and Executive Committee

Section 3.1 Annual Meetings. The Annual Meeting of the Board of Directors for election of Directors and for the transaction of such other business as may properly come before the meeting, shall be held each year during either September, October or November on the date, time and at such place as set in the notice of the Annual Meeting. Such notice shall be given by the Chair, President, Vice Chair or Secretary.

Section 3.2 Other Meetings. Other meetings of the Board of Directors and meetings of the Executive Committee may be held at any place and time, whenever called by the Chair of the Board of Directors, Vice Chair of the Board of Directors, President, Secretary, or any two (2) Directors (in the case of the Executive Committee, any two (2) members thereof).

Section 3.3 Notice of Meetings. Notice of the time and place of any other meeting of the Board of Directors or of the Executive Committee shall be given by the Secretary, or by the Director or Directors calling the meeting, by mail, email, or by personal communication over the telephone or otherwise, at least three (3) days prior to the date on which the meeting is to be held. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where the Director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in the notice or any waiver of notice of such meeting.

Section 3.4 Quorum. A quorum for the transaction of business shall consist of a majority of the Board of Directors, or in the case of the Executive Committee, a majority of the members thereof. The action of the majority of Directors present at a meeting at which such a quorum is present shall be the action of the Board of Directors or of the Executive Committee. At any meeting at which such a quorum is present, any business may be transacted, and the Board or Executive Committee may exercise all of its powers.

ARTICLE IV

At Large Directors

Section 4.1 Number. The number of At Large Directors of the corporation shall be no fewer than 15 and no more than 25. The Board of Directors, by resolution, may increase or decrease the number of such Directors provided that no decrease in number shall have the effect of shortening the term of any incumbent Director.
Section 4.2 Election and Term of Office of At Large Directors. At the first Annual Meeting following the adoption of these restated Bylaws and at each Annual Meeting thereafter, the Board of Directors shall elect, from among those persons nominated by the Nominating Committee, that number of At Large Directors which the Board shall set by resolution at the meeting of the Board preceding the Annual Meeting.

At Large Directors shall be elected for a term of three (3) years, and may be eligible for re-election.

Section 4.3 Vacancies. The Board of Directors shall have the power to fill any vacancy in an At Large Director position occurring in the Board of Directors.

ARTICLE V
Representative Directors

Section 5.1 Representative Directors. Units with fundraising programs, principally Schools and Colleges, of the University of Washington may request a volunteer-leader representative on the Board of Directors. The Nominating Committee shall put forth a resolution at the meeting prior to the Annual Meeting of the Board identifying the units to elect or renew Representative Directors, and such Representative Directors will be included on the election slate.

Section 5.2 Selection and Terms. The volunteer leaders proposed for election as Representative Directors shall be proposed by the Dean or chief executive officer (Appointing Official) of the unit to be represented and such proposal shall be forwarded to the Nominating Committee who shall include such persons as nominees for election to the Board of Directors. Such election shall be for a term of one (1) year, and may be eligible for re-election.

In the event of a vacancy, the Appointing Official shall propose a replacement for consideration by the Nominating Committee which shall in turn send such selection to the Board for election.

The Appointing Official shall have the authority to remove the Representative Director, with the approval of the Nominating Committee.
ARTICLE VI

Ex Officio Directors

Section 6.1 Certain Members of the Board of Regents and Alumni Association. The Chair of the Board of Regents, a Regent appointed by the Chair of the Board of Regents, the President of the University of Washington Alumni Association, and the Associate Vice President for Alumni Relations shall be Ex Officio members of the Board of Directors of this corporation with full voting rights.

The term of office of the Regent appointed by the Chair of the Board of Regents to serve as a Director shall be until replaced by said Chair or until such person’s term as a Regent expires, whichever occurs first.

Section 6.2 Certain University of Washington Representatives. The holders of the following offices at the University of Washington shall become, upon appointment to such office, Ex Officio members of the Board of Directors of this corporation with full voting rights:

President
Provost
Treasurer for the Board of Regents
Vice President for External Affairs
Vice President for University Advancement
Vice Provost for Planning and Budgeting
A Dean, appointed as provided below
A Faculty member, appointed as provided below

In the event that the title of an office is changed by the University of Washington then, upon the certification of the President of the University of Washington of such change, the above reference to such office shall be deemed to be a reference to the office so changed and so certified.

The Dean shall be designated by the University President. The Faculty Member shall be designated by the University President in communication with the Chair of the Faculty Senate. The term of office of the Dean or a Faculty Member as an Ex Officio Director shall be three (3) years. The maximum number of terms a Dean or a Faculty Member may serve as a Director is two (2) full terms. A Dean or a Faculty Member, having served the maximum number of terms, may again be designated to the Board of Directors after not serving as a Director of the corporation for a period of twelve (12) calendar months.

Section 6.3 University of Washington Foundation Standing Committee Chairs. The chairs or co-chairs of Standing Committees, unless already duly elected to an
unexpired term, shall become, upon appointment to such office, ex officio members of the Board of Directors with full voting rights.

Section 6.4 Immediate Past Chair of the Board of Directors. The Immediate Past Chair of the University of Washington Foundation Board of Directors shall serve ex officio as a Director until a new Chair is elected creating a new Immediate Past Chair.

Section 6.5 Washington Research Foundation Representative. A representative of the Washington Research Foundation, to be selected by and subject to replacement by the Board of Directors of the Washington Research Foundation, shall serve as a voting member of the UW Foundation Board of Directors.

Section 6.6 Student Representatives. One or more University of Washington students may be selected for a one (1) year term by the Board of Directors and shall serve as voting members of the Board of Directors.

Section 6.7 Term of Office. Except where otherwise specifically provided, the terms of ex officio Directors shall expire when the person ceases to hold the office which qualifies for ex officio status, provided that an ex officio Director whose term expires under this section who was an At Large Director shall continue as a Director until the remainder, if any, of his or her elected term expires.

Section 6.8 Directors for Life. The Board may elect a person to serve as Director for Life. Such Director’s term shall be for life.

ARTICLE VII

Executive Committee

Section 7.1 Composition of the Executive Committee. The Board of Directors, by resolution adopted by a majority of the Directors at the Annual Meeting, shall appoint an Executive Committee. Such committee shall consist of no fewer than thirteen (13) Directors. The Executive Committee shall include the following Directors: the Chair, Vice Chair, Immediate Past Chair, President, Treasurer, and Secretary of the Board of Directors; the Chairs or Co-Chairs of the Foundation Standing Committees; the Regent appointed by the Chair of the Board of Regents; the President of the University of Washington; the Treasurer of the Board of Regents. Additional members may be appointed by resolution of the Board of Directors.

Section 7.2 Powers of the Executive Committee. Subject to any limitations in these Bylaws or any prior limitation imposed by the Board of Directors, the Executive Committee shall have power to transact all regular business of the corporation between meetings of the Board of Directors. The Executive Committee shall consider matters
relating to the financial operation of the corporation and shall arrange for an annual audit of the corporation’s financial records by an external auditor. The Executive Committee shall approve the annual appointment of the external auditor. Further, upon conclusion of the audit, the external auditor shall meet with the Executive Committee and present the audit report. However, the Executive Committee shall not have the authority of the Board of Directors to amend or repeal the Bylaws; elect, appoint or remove any member of any such committee or any elected Director or officer of the corporation; amend the Articles of Incorporation; adopt a plan of merger or adopt a plan of consolidation with another corporation; authorize the voluntary dissolution of the corporation or revoke proceedings therefor; adopt a plan for the distribution of the assets of the corporation not in the ordinary course of business; or amend or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended or repealed by such committee.

Section 7.3 Vacancies on the Executive Committee. The Board of Directors shall have power to fill any vacancy in the Executive Committee.

Section 7.4 Quorum. A majority of the members of the Executive Committee shall constitute a quorum. Actions shall require approval of a majority of the members present.

ARTICLE VIII

Standing, Advisory and Other Committees

Section 8.1 Standing Committees. The Board of Directors, by resolution adopted by a majority of the Directors at the Annual Meeting, shall name the Standing Committees. The Chair of each Standing Committee and committee members are appointed or reappointed at the Annual Meeting by the Chair of the Foundation.

Section 8.2 Other Committees of the Board of Directors. The Board of Directors may, by resolution duly adopted, create such other and further committees of the Board of Directors, such as campaign committees, for such periods of time and to carry out such functions as the board deems necessary, convenient, or appropriate.

Section 8.3 Advisory Committees. The Board of Directors may, from time to time, by resolution appoint advisory committees to the Board of Directors or to any committee of the Board of Directors for any purpose that the Board of Directors deems necessary, convenient, or appropriate. Any such committee may include, as voting members of such committee, elected Directors, ex officio Directors, or persons who are not Directors.
Section 8.4 General Limitation on Authority of Committees. Any committee of this corporation shall have only such authority delegated to it in these Bylaws or by the resolution of the Board of Directors or Executive Committee creating such committee. The authority of the Executive Committee of the Board of Directors is limited as provided in Article VII.

ARTICLE IX

During a Campaign

Section 9.1 General. When there is a University-wide fund-raising campaign in progress (whether publicly announced or not), the Foundation is to be fully involved. The Foundation should solicit the President of the University to consult with the Foundation’s officers in the selection of a General Chair or Co-Chairs for the campaign. It is to be expected that Directors of the Foundation would in many cases accept significant roles in the campaign.

Section 9.2 Participation by Campaign Volunteers. The General Chair and any Co-Chairs of the campaign shall be ex officio members of the Executive Committee for the duration of the campaign. As such their membership shall not be included in determining a quorum. Key volunteers in the campaign shall be invited to attend meetings of the Board of Directors and to report on campaign activities for which they are responsible.

ARTICLE X

Actions by Written Consent

Any corporate action required or permitted by the Articles of Incorporation or Bylaws, or by the laws of the State of Washington, to be taken at a meeting of the Board of Directors (or its committees) of the corporation, may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed, including electronic communication, by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote, and may be described as such.
ARTICLE XI

Waiver of Notice

Whenever any notice is required to be given to any Director of the corporation by the Articles of Incorporation or Bylaws, or by the laws of the State of Washington, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE XII

Officers

Section 12.1 Officers Enumerated. The officers of the corporation shall be a Chair of the Board of Directors, a Vice Chair of the Board of Directors, the Immediate Past Chair, a President, a Secretary, a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors, each of whom shall be elected by the Board of Directors at the Annual Meeting, except the President and the Immediate Past Chair, and shall serve two-year terms. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. In addition to the powers and duties specified below, the officers shall have such powers and perform such duties as the Board of Directors may prescribe.

Section 12.2 Chair of the Board of Directors. The Chair of the Board of Directors shall preside at all meetings of the Board of Directors and the Executive Committee and shall have all the usual powers pertaining to the office of Chair of the Board of Directors.

Section 12.3 Vice Chair of the Board of Directors. In the absence or disability of the Chair of the Board, the Vice Chair shall serve as Chair.

Section 12.4 The President. The Vice President for University Advancement at the University of Washington shall serve as the President of the corporation. He or she shall exercise the usual executive powers pertaining to the office of President.

Section 12.5 The Secretary. It shall be the duty of the Secretary to cause to be kept records of the proceedings of the Board of Directors and when requested by the President to do so, to sign and execute with the President all deeds, bonds, contracts, and other obligations, or instruments, in the name of the corporation, to keep the corporate seal, and to affix the same to proper documents.

Section 12.6 The Treasurer. The Treasurer shall have the care and custody of and be responsible for all funds and investments of the corporation and shall cause to be
kept regular books of account. The Treasurer shall cause to be deposited all funds and other valuable effects in the name of the corporation in such depositories as may be designated by the Board of Directors, and in general, shall perform all of the duties incident to the office of Treasurer.

Section 12.7 Vacancies. Vacancies in any office arising from any cause, except the President, may be filled by the Board of Directors at any regular or special meeting.

Section 12.8 Removal. Any officer of the corporation, except the President, elected or appointed, may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby.

ARTICLE XIII

Administrative and Financial Provisions

Section 13.1 Fiscal Year. The last day of the fiscal year of the corporation shall be on June 30.

Section 13.2 Loans or Gifts Prohibited. No loans or gifts shall be made by the corporation to any officer or to any Director.

Section 13.3 Expenses of the Corporation. Expenses of the corporation shall be paid from current unrestricted gift funds and earnings thereon.

Section 13.4 Distributions to the University of Washington. All unrestricted gift funds, in excess of the amount used for the expenses of the corporation, and all restricted gift funds shall be distributed to or for the use of the University of Washington pursuant to the terms of the Agreement for Services by and between the University of Washington and the University of Washington Foundation.

Section 13.5 Books and Records. The corporation shall keep at its registered office, its principal office in this state, the following: current Articles and Bylaws; correct and adequate records of accounts and finances; a record of officers’ and Directors’ names and addresses; minutes of the meetings of the board and any minutes which may be maintained by committees of the Board of Directors.

Section 13.6 Amendment of Bylaws. The authority to make, amend or repeal the Bylaws of the corporation is vested in the Board of Directors, and may be exercised at any regular or special meeting of the Board of Directors; provided, that before any amendment or repeal of Article II (Purposes and Management); Section 3.4 (Board of Directors Quorum); Article IV (At Large Directors); Article V (Representative Directors); Article VI (Ex Officio Directors); Article VII (Executive Committee);
Sections 12.4 (President), 12.7 (Officer Vacancies) and 12.8 (Officer Removal); and Sections 13.3 (Expenses of Corporation) or 13.6 (Amendment of Bylaws) takes effect, any such amendment or repeal must be approved by the Board of Regents of the University of Washington.

Typographical, grammatical, or clerical errors may be corrected without constituting an amendment to the Bylaws.

Section 13.7 Rules of Procedure. The rules of procedure at meetings of the Board of Directors or any committee of the corporation shall be the rules contained in Roberts’ Rules of Order on Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or with any resolution of the Board of Directors.

Section 13.8 Repeal. With the extensive additions and revisions hereby made to the 2007 Restated Bylaws adopted April 27, 2007, these Bylaws are adopted and denominated 2013 Restated Bylaws and all prior Bylaws and amendments thereto are hereby repealed.

ARTICLE XIV

Indemnification

To the full extent permitted by the Washington Nonprofit Corporation Act, the UW Foundation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit, or proceeding (whether brought by or in the right of the Foundation or otherwise) by reason of the fact that he or she is or was a Director or officer of the Foundation or is or was serving at the request of the Foundation as a Director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the Foundation has the power to indemnify under the laws of the State of Washington governing corporations. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract. The Foundation may purchase and maintain indemnification insurance for any person to the extent provided by applicable law.
CERTIFICATION

Micki E. Flowers, Secretary of the University of Washington Foundation, hereby certifies that the foregoing are a true and correct copy of the 2013 Restated Bylaws of the University of Washington Foundation as adopted on April 19, 2013.

__________________________
Micki E. Flowers
Secretary

Approved by the University of Washington Board of Regents on May 9, 2013.

___________________________
Joanne R. Harrell
Chair, Board of Regents
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Voluntary Investment Program Plan

RECOMMENDED ACTION

It is the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendments to the University of Washington Voluntary Investment Program (the “Program”) in the form of an amended and restated plan document and to update the membership and purpose of the Fund Review Committee, effective as of the dates set forth below. The other amendments reflect technical changes, including to maintain compliance with federal law by adding a new Section 6.4(d) to describe the treatment of requirement minimum distributions for 2009 under Code Section 401(a)(9)(H).

EXPLANATION OF PROPOSED CHANGES

To maintain compliance of the Voluntary Investment Program with federal regulations, it has been amended to clarify the treatment of Roth after-tax contributions to the Program. In addition, a new Section 6.4(d) has been added to describe the treatment of requirement minimum distributions for 2009 under Code Section 401(a)(9)(H). In Section 5.4, the Fund Review Committee is being expanded to include both the Vice President of Human Resources and one additional faculty representative. Also in Section 5.4, language defining Fund Review Committee membership was reinstated after an inadvertent deletion during the last review by the Regents.

REVIEW AND APPROVAL

Fund Review Committee language was reviewed with the Provost and Executive Vice President; Faculty Council on Benefits and Retirement; and Senate Committee on Planning and Budgeting. The other proposed changes are technical in nature and are required due to Internal Revenue Code requirements for tax-deferred Section 403(b) plans. The amendments were drafted by the UW Special Assistant Attorney General for 403(b) matters; reviewed and endorsed by the Vice President for Human Resources.

Attachment
University of Washington Voluntary Investment Program (VIP) Amended and Restated, Effective January 1, 2013
University of Washington
Voluntary Investment Program (VIP)
Amended and Restated, Effective November 1, 2013
Voluntary Investment Program (VIP)
Plan Document

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1. **Establishment of Voluntary Investment Program**

1.1. **Establishment of Program.** The Board of Regents of the University of Washington established a University of Washington Tax-Deferred Annuity Program as of January 1, 1972, as allowed under State of Washington RCW 28.B.10.480. As of July 1994, the program is named the Voluntary Investment Program (VIP).

This plan document sets forth the provisions of this Program, as in effect on January 1, 2009. Contributions under this Program are made under section 403(b) of the Internal Revenue Code and are invested, at the direction of the Participant, in one or more of the Funding Vehicles available under the Program.

2. **Definitions**

The words and phrases defined in this Article have the following meanings throughout this plan document:

2.1. **Accumulation Account** means the account established for each Participant with each Fund Sponsor, consisting of a Pre-Tax Sub-Account to which Pre-Tax Contributions shall be credited and a Roth Sub-Account to which Roth Contributions shall be credited. The current value of a Participant’s Accumulation Account with a Fund Sponsor includes all VIP Contributions to the Fund Sponsor, less expense charges, transfers, and benefit distributions, and reflecting credited investment experience.

2.2. **Annuity Contract** means a non-transferable contract described in section 403(b)(1) of the Code, that is issued by an insurance company qualified to issue annuities in the State of Washington and that includes payment in the form of an annuity.

2.3. **Beneficiary** means (a) with the written consent of the Participant's spouse, if any, such person or persons who shall have been designated by the Participant in writing duly executed and filed with the Fund Sponsor(s) or (b) if no such person survives the Participant, the surviving spouse of the Participant. A new designation may be made at any time before the Participant or Beneficiary has started to receive annuity payments under the Program; any such new designation shall be subject to the conditions of this Section 2.3.

2.4. **Board** means the Board of Regents of the University of Washington.

2.5. **Code** means the Internal Revenue Code of 1986, as amended.

2.6. **Contribution Agreement** means an agreement described in Section 3.1.

2.7. **Custodial Account** means the group or individual custodial account or accounts, described in section 403(b)(7) of the Code, established for a Participant to hold assets of the Program.

2.8. **Eligible Employee** means any employee of the University of Washington, except nonresident aliens who receive no U.S.-source earned income.
2.8. **Fund Sponsor** means an insurance, variable annuity, or investment company that provides Funding Vehicles to Participants under the Program.

2.10. **Funding Vehicles** means the Annuity Contracts and Custodial Accounts available for the purpose of investing contributions under this Program and specifically approved by UW under Section 5.1.

2.11. **Includible Compensation** means an individual’s compensation received from UW that is includible in gross income for federal tax purposes (computed without regard to section 911 of the Code) for the most recent period that is a year of service, as determined under section 403(b)(3) of the Code and the Treasury regulations thereunder, and increased (subject to the limits of section 401(a)(17) of the Code) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code. Effective January 1, 2009, Includible Compensation shall include any differential wage payment (as defined in section 414(u)(12)(D) of the Code) paid to an individual by UW to the extent required under section 414(u)(12) of the Code (and, to the extent required by section 414(u)(12)(A)(i) of the Code, such an individual shall be treated as an Eligible Employee). The amount of Includible Compensation is determined without regard to any community property laws.

2.12. **Master Administrator** means Fidelity Management Trust Company, which has been appointed to be the master administrator of the VIP.

2.13. **Participant** means any employee of UW who participates in the Program in accordance with Section 3.1.

2.14. **Pre-Tax Contribution** means the dollar amount of a Participant’s pre-tax contribution to the Program pursuant to a Salary-Reduction Contribution Agreement. **Pre-Tax Sub-Account** means the sub-account of an Accumulation Account established for each Participant with each Fund Sponsor to which Pre-Tax Contributions have been made by the Participant. The current value of a Participant's Sub-Account with a Fund Sponsor includes all Pre-Tax Contributions to the Fund Sponsor, less expense charges, transfers, and benefit distributions, and reflecting credited investment experience. **Program** means the University of Washington Voluntary Investment Program as set forth in this document.

2.16. **Program Administrator** is defined in Section 8.1.

2.17. **Program Year** means January 1 through December 31.

2.18. **Related Employer** means UW and any other entity which is under common control with UW under section 414(b) or (c) of the Code.

2.19. **Roth Contribution** means the dollar amount of a Participant’s after-tax Roth 403(b) contribution to the Program pursuant to a Salary-Reduction Contribution Agreement.

2.20. **Roth Sub-Account** means the sub-account of an Accumulation Account established for each Participant with each Fund Sponsor to which Roth Contributions have been made by the Participant. The current value of a Participant's Roth Sub-Account with a Fund Sponsor...
Sponsor includes all Roth Contributions to the Fund Sponsor, less expense charges, transfers, and benefit distributions, and reflecting credited investment experience.

2.21. **Salary Reduction Agreement** (SRA) is an agreement described in Section 3.1.

2.22. **VIP Contributions** means Pre-Tax Contributions and Roth Contributions made by the Participant as described in Section 4.

2.23. **UW** means University of Washington.

3. **Eligibility and Participation**

3.1. **Eligibility and Participation**. All Eligible Employees may begin participation immediately upon employment as an Eligible Employee.

The Program Administrator will prescribe the method and forms required for participation including, without limitation, the necessary enrollment form(s) for the Fund Sponsor(s) and for the Funding Vehicle(s) selected, as well as a **Salary Reduction Contribution Agreement** (SRA).

An **SRA Contribution Agreement** is a written agreement between the employee and UW under which the employee's salary is reduced by an amount equal to the contributions that the employee wishes to have made to the Program. A Participant may elect to make Roth Contributions to the Program in lieu of all or a portion of the Pre-Tax Contributions the Participant is otherwise eligible to make under the Program. Such an election shall irrevocably designate the Roth Contributions as such at the time the election is made. The amount of any Roth Contribution shall be treated as includable in the Participant’s income at the time the Participant would have received that amount in cash if the Participant had not made an election to make the Roth Contribution to the Program. An **SRA Contribution Agreement** must specify the amount of VIP Contributions which are Pre-Tax Contributions and the amount of VIP Contributions which are Roth Contributions. An **SRA Contribution Agreement** shall be subject to such rules and restrictions as may be imposed by the Program Administrator, not inconsistent with section 403(b) of the Code and the regulations thereunder.

3.2. **Termination of Participation**. A Participant will continue to participate in the Program until (a) he or she ceases to be an Eligible Employee, (b) the Program is terminated, or (c) his or her contributions under the Program are terminated, whichever occurs first.

4. **VIP Contributions**

4.1. **VIP Contributions**. Contributions to this Program (referred to hereafter as "VIP Contributions") are in addition to any contributions which may be made to the University of Washington Retirement Plan (UWRP), or any State of Washington retirement plan. To make VIP Contributions, an Eligible Employee must enter into a **Salary Reduction Contribution Agreement** with UW as described in Section 3.1. Under the **Salary Reduction Contribution Agreement**, the employee's Includible Compensation is reduced and the amount of the reduction is forwarded to the Master Administrator. The employee may not elect to reduce Includible Compensation by more than 75%. 

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4.2. **Salary Reduction Contribution Minimum.** A Participant shall be permitted to make contributions under this Program only if the **Salary Reduction Contribution Agreement** provides for annual contributions of at least $200.

4.3. **Leave of Absence.** During a leave of absence with pay, VIP Contributions will continue to be made in accordance with the **Salary Reduction Contribution Agreement**, if any, then in effect. No VIP Contributions will be made during a leave of absence without pay.

4.4. **Limitations on VIP Contributions.** The total elective deferral contributions transmitted by UW on behalf of the Participant for any year under this Program and all other plans, contracts or arrangements of UW will not exceed the limits imposed by section 402(g) of the Code (without regard to 402(g)(7)) and section 415 of the Code, except as permitted by section 414(v) of the Code. The limits imposed by sections 402(g), 414(v) and 415 of the Code are herein incorporated by reference. If the limitations are exceeded because the Participant is also participating in another plan required to be aggregated with this Program for the purposes of section 402(g), 414(v) or 415 of the Code, and such other plan is maintained by UW or a Related Employer, or UW receives from the Participant sufficient information concerning his or her participation in such other plan, then the extent to which VIP Contributions under this Program will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by UW. If the reduction is under this Program, UW will advise the affected Participants of any limitations on their VIP Contributions required by this Section 4.4.

4.5. **Return of Excess VIP Contributions.** If a Participant has VIP Contributions that exceed the limits in effect under section 402(g) or 415 of the Code for the year, he or she may designate the contributions made during a taxable year to this Program as excess VIP Contributions by notifying the Program Administrator of the amount of the excess on or before March 15 of the year following the year in which the excess Contributions occurred. Notwithstanding any other provision of this Program, such excess VIP Contributions, adjusted through December 31 of the year in which the excess VIP Contributions occurred for income, gains, losses or expenses attributable to such excess VIP Contributions, will be distributed no later than April 15 of the year following the year in which the excess contributions occurred. In addition, UW may, in its sole discretion, cause any VIP Contribution in excess of the foregoing limitations, adjusted for income, gains, losses or expenses attributable to such excess VIP Contribution, to be distributed to the Participant to the extent permitted by applicable law.

4.6. **Rollover Contributions and Transfers.**

(a) **Rollover Contributions.**

(1) **Eligible Rollover Contributions.** A Participant may make a rollover contribution to the Program from another qualified plan described in Code section 401(a), an annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b) of the Code, or from an eligible deferred compensation plan described in an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), a Roth IRA described in Code section 408A, or an eligible
plan under Code section 457(b) of the Code that which is maintained by a state or a political subdivision of a state, or any agency or instrumentality of a state or political subdivision, upon a of a state and which agrees to separately account for amount transferred into such plan from this Plan, that accepts the distributee’s eligible rollover distribution, upon demonstration satisfactory to the Program Administrator that the amounts are eligible such amount qualifies for rollover to the Program treatment under the Code. The Program Administrator may limit the Annuity Contracts or Custodial Accounts to which such amounts may be contributed, or the types of rollovers that will be accepted by the Program.

(2) Separate Accounts. The Fund Sponsor shall establish and maintain for the Participant a separate account for any eligible rollover contribution paid to the Program and shall further separately account for pre-tax rollover contributions and after-tax rollover contributions. No such rollover shall be taken into account in applying the limits of Section 4.4.

(b) In-Plan Roth Rollovers. A rollover contribution received under Section 4.6(a)(1) above or a Pre-Tax Contribution that satisfies the rules for distribution under the Program and qualifies as an “eligible rollover distribution” (as defined in section 402(c)(4) of the Code) if it were to be distributed may be transferred to a Participant’s Roth Sub-Account in accordance with section 402A(c)(34) of the Code. The Program Administrator will maintain such records as are necessary for the proper reporting of in-plan Roth rollovers.

(c) Plan-to-Plan Transfers to the Program.

(1) At the direction of UW, for a class of Employees who are participants or beneficiaries in another plan under section 403(b) of the Code, the Program Administrator may permit a transfer of assets to the Program as provided in this Section 4.6(c). Such a transfer is permitted only if the other plan provides for the direct transfer of each person’s entire interest therein to the Program and the participant is an employee or former employee of UW. The Program Administrator and any Fund Sponsor accepting such transferred amounts may require that the transfer be in cash or other property acceptable to it. The Program Administrator or any Fund Sponsor accepting such transferred amounts may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with section 1.403(b)-10(b)(3) of the Treasury Regulations and to confirm that the other plan is a plan that satisfies section 403(b) of the Code.

(2) The amount so transferred shall be credited to the Participant’s Accumulation Account, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to the Participant or Beneficiary immediately before the transfer.

(3) To the extent provided in the Annuity Contract and Custodial Account agreements holding such transferred amounts, the amount transferred shall be
held, accounted for, administered and otherwise treated in the same manner as a
VIP Contribution, except that (i) the Annuity Contract or Custodial Account
which holds any amount transferred to the Program must provide that, to the
extent any amount transferred is subject to any distribution restrictions required
under section 403(b) of the Code, the Annuity Contract or Custodial Account
agreement must impose restrictions on distributions to the Participant or
Beneficiary whose assets are being transferred that are not less stringent than
those imposed by the transferor plan and (ii) the transferred amount shall not be
considered a VIP Contribution in determining the maximum deferral under
Section 4.4.

4.7. Vesting of Contributions. Each contract and certificate issued in accordance with the
provisions of the Program is the property of the Participant. Amounts attributable to VIP
Contributions shall be nonforfeitable. However, VIP Contributions (or any portion of a VIP
Contribution) based on a good faith mistake of fact shall be returned to UW if UW so requests,
as provided in Section 10.5.

4.8. Quarterly Statement. The Program Administrator shall make provision for each
Participant to receive a quarterly report summarizing the status of his or her Accumulation
Account. A Participant may obtain similar reports or illustrations upon termination of
employment or at any other time by writing directly to the Program Administrator or its delegate.

4.9. No Reversion. Under no circumstances will any VIP Contributions revert to, be paid to,
or inure to the benefit of, directly or indirectly, the UW, except as provided in the second
sentence of Section 4.7.

whose employment is interrupted by qualified military service under section 414(u) of the Code
or who is on a leave of absence for qualified military service under section 414(u) of the Code
may elect to make additional VIP Contributions upon resumption of employment with UW or
any Related Employer equal to the maximum VIP Contributions that the Eligible Employee
could have elected during that period if the Eligible Employee's employment had continued (at
the same level of Compensation) without the interruption or leave, reduced by the
VIP Contributions, if any, actually made for the Eligible Employee during the period of the
interruption or leave. Except to the extent provided under section 414(u) of the Code, this right
applies for five years following the resumption of employment (or, if sooner, for a period equal
to three times the period of the interruption or leave). Without limiting the generality of the
foregoing, effective January 1, 2007, to the extent required under section 401(a)(37) of the Code,
in the case of a Participant who dies on or after January 1, 2007 while performing qualified
military service, the Participant's survivors are entitled to any additional benefits (other than
benefit accruals relating to the period of qualified military service) provided under the Program
had the Participant resumed employment with UW in accordance with his or her reemployment
rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 and
then terminated employment on account of death.
5. **Fund Sponsors/Funding Vehicles**

5.1. **Fund Sponsors/Funding Vehicles.** VIP Contributions are invested in one or more of the Funding Vehicles available to Participants through the Fund Sponsors under this Program. The Fund Sponsors that are available to Participants as of the date of this document are:

A. Fidelity Retirement Services: P.O. Box 31401 Salt Lake City, UT 84131-9921

B. Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF): 730 Third Avenue, New York, NY 10017

The Institution's UW's current selection of Fund Sponsors is not intended to limit future additions or deletions of Fund Sponsors and Funding Vehicles. The Program Administrator shall maintain a list of all Fund Sponsors under the Program. Such list is hereby incorporated as part of the Program. Each Fund Sponsor and UW shall exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable law. In the case of a Fund Sponsor which is not eligible to receive contributions under the Program (including a Fund Sponsor which has ceased to be a Fund Sponsor eligible to receive contributions under the Program, the Employer UW shall keep the Fund Sponsor informed of the name and contact information of the Program Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

5.2. **Allocation of Contributions.** A Participant may allocate VIP Contributions among Funding Vehicles in any whole number percentages that equal 100 percent.

5.3. **Fund Transfers.** Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code governing the deferral of income tax with respect to Accumulation Accounts, a Participant may specify that a part or all of his or her Accumulation Account in one Funding Vehicle be transferred to another Funding Vehicle. However, an investment transfer that includes an investment with a Fund Sponsor that is not eligible to receive VIP Contributions (referred to below as an exchange) is not permitted unless the conditions in paragraphs (a) through (c) of this Section 5.3 are satisfied.

(a) The Participant or Beneficiary must have an Accumulation Account immediately after the exchange that is at least equal to the Accumulation Account of that Participant or Beneficiary immediately before the exchange (taking into account the Accumulation Account of that Participant or Beneficiary with both Fund Sponsors immediately before the exchange).

(b) The Annuity Contract or Custodial Account agreement with the receiving Fund Sponsor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(c) UW enters into an agreement with the receiving Fund Sponsor for the other contract or custodial account under which the Employer and the Fund Sponsor will from time to time in the future provide each other with information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by UW, to satisfy section 403(b) of the Code or other tax requirements.
including UW providing information as to whether the Participant’s employment with UW is continuing, and notifying the Fund Sponsor when the Participant has had a severance from employment and providing information on loans outstanding.

5.4. Fund Review Committee.

(a) Responsibility. The Fund Review Committee is a standing body responsible for reviewing the performance of Fund Sponsors and Funding Vehicles available through the University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP). The Committee will also evaluate and recommend whether new Fund Sponsors or Funding Vehicles should be added and whether existing Fund Sponsors or Funding Vehicles should be removed.

If a Funding Vehicle or Fund Sponsor is removed, it shall not be available for subsequent contributions except as otherwise prescribed by the Committee. In addition, the Committee may determine that existing accumulations shall be transferred to one or more other Funding Vehicles specified by the Committee.

The Committee, in coordination with the UW Benefits Office, is to determine the frequency of the performance reviews shall meet as often as it deems appropriate, but not less than every six months. In evaluating existing Fund Sponsors and Funding Vehicles, the Committee will monitor and review performance data, analyze participants’ comments, requests and concerns, and conduct public meetings on proposed changes. Draft recommendations of the Committee will be presented to and discussed with the Faculty Council on Retirement, Insurance and Benefits and Retirement; the Professional Staff Organization and the Association of Librarians of the University of Washington. Final recommendations for changes are to will be submitted to the Provost and Executive Vice President.

The UW Benefits Office shall provide support for the Committee’s activities. The Committee may also appoint such advisors will assist in the selection of an investment consultant and adopt such guidelines, policies or procedures as it deems appropriate an investment policy statement to guide their recommendations.

(b) Membership. The Committee shall be appointed by, and serve at the pleasure of, the Provost and Executive Vice President of UW, who will consult with the Faculty Council on Benefits and Retirement, Insurance and Benefits the Professional Staff Organization and the Association of Librarians of the University of Washington in selecting the committee members. The to represent their constituents. Effective as of May 1, 2013, the membership shall include the following voting representatives and officials:

- One representative of the Faculty Council on Retirement, Insurance, Benefits and Retirement;
- OneThree or more representatives of the Faculty, as recommended by the Faculty Senate Executive Committee;
- One representative of the Librarians, as recommended by the Association of Librarians of the University of Washington;
• One representative of the Professional Staff, as recommended by the Professional Staff Organization;
• One representative of the UW Treasury Office as recommended by the UW Treasurer;
• One representative of the Office of Planning and Budgeting as recommended by the Vice Provost for Planning and Budgeting;
• One VIP participant representing the Classified or Contract Classified Staff, as recommended by the Vice President, Human Resources, other than the Vice President Human Resources;
• One retired UWRP representative, as recommended by the UW Retirement Association;
• Ex officio, voting members:
  o UW Human Resources - Executive Director of Benefits & Work/Life
  o UW Treasurer, Board of Regents
  o UW Vice President, Human Resources
• Non-voting members shall include:
  • Representative from a four-year institution of higher education in the State of Washington, other than the University of Washington.

In appointing members, those groups recommending members and the Provost and Executive Vice President shall seek to identify where possible individuals who have expertise in the areas of tax and pension law for 403(b) or similar retirement plans, or of finance, investment, or economics.

The Provost and Executive Vice President shall designate the Chair of the Committee. Members shall serve staggered, three year terms. The Committee shall meet as often as it deems appropriate, but not less than every six months. The Chair of the Committee may appoint such committee officers, advisors, and subcommittees as needed.

5.5. Third Party Trading. The Participant may assign responsibility for investment elections and other transactions under the Program to another party, in such manner as may be determined from time to time by the UW Benefits Office.

6. Benefits

6.1. Benefits in General. The Participant is entitled to receive benefits under any of the Funding Vehicles at any time and in any form offered by the Fund Sponsors, not inconsistent with section 403(b) of the Code and the regulations thereunder, subject to the written consent of the Participant's spouse, if any, in accordance with Section 6.5. However, distributions attributable to amounts accrued in an annuity contract after December 31, 1988 and amounts accrued in a mutual fund custodial account regardless of date may be paid only after a Participant attains age 59 1/2, severs from employment with UW and all Related Employers, dies or becomes disabled, or in the case of hardship. Hardship distributions are subject to the rules and...
restrictions set forth in Section 6.3. Distributions to a Participant made prior to attaining age 59 1/2 may be subject to early withdrawal penalties under the Code.

6.2. **Death Benefits.** On the death of a Participant, the entire value of each Accumulation Account is payable to the Beneficiary or Beneficiaries named by the Participant under one of the options offered by the Fund Sponsor. However, to the extent such Account has been applied to purchase an annuity, payments shall be made only if and to the extent provided by the form of annuity. The designation of a Beneficiary other than the Participant's spouse, if any, requires the written consent of the spouse in accordance with Section 6.5.

6.3. **Hardship Distributions.** Hardship distributions under Section 6.1 shall be approved only if the Program Administrator determines that the Participant has an immediate and heavy financial need and the distribution is necessary to satisfy the need. In such cases, there shall be paid to such Participant out of his or her Accumulation Account only such portion of the amount requested as is necessary to prevent or alleviate the hardship. The Program Administrator's determination shall be final and binding. No amount attributable to income credited after December 31, 1988, on VIP Contributions shall be available for distribution on account of hardship.

The following are deemed to be immediate and heavy financial needs of the Participant: (a) medical expenses described in section 213(d) of the Code incurred by the Participant or his or her spouse or dependents; (b) purchase (excluding mortgage payments) of a principal residence for the Participant; (c) payment of tuition, room and board for the next 12 months of post-secondary education for the Participant, his or her spouse, his or her children or his or her dependents; (d) the payment of amounts necessary to prevent the eviction of the Participant from his or her principal residence or the foreclosure on the mortgage of his or her principal residence; (e) burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents; or (f) expenses for the repair of damage to the Participant's principal residence described in section 165 of the Code.

Hardship distributions will be deemed to be necessary to satisfy an immediate and heavy financial need of the Participant if all of the following are satisfied: (a) the distribution does not exceed the amount of the applicable need under the second paragraph of Section 6.3 increased by taxes resulting from the distribution; (b) the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under the Program and any other plan maintained by UW or any Related Employer; and (c) the Participant's VIP Contributions under the Program and his or her elective and employee contributions under any other deferred compensation plan maintained by UW or any Related Employer are suspended for six (6) months after receipt of the hardship distribution.

6.4. **Minimum Distribution Requirements.**

(a) All distributions under this Program will be made in accordance with sections 403(b)(10) and 401(a)(9) of the Code, as each is amended and in effect from time to time, and regulations thereunder. The entire Accumulation Account of each Participant will be distributed over a period not to exceed the life (or life expectancy) of the Participant or over the lives (or life expectancies) of the Participant and a designated Beneficiary.
Minimum distributions must begin no later than April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2, or, if later, April 1 following the calendar year in which the Participant retires from the UW. Notwithstanding the above, the Accumulation Account of each Participant as of December 31, 1986 will be distributed in accordance with the IRS Regulation Treasury regulation 1.403(b)-6(e)(6). The Participant (or Beneficiary, after the Participant's death) may elect whether to use the permissive recalculation rule for life expectancies under Code section 401(a)(9)(D). Upon the Participant's death after the time benefits are required to begin hereunder, any remaining benefits will be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death.

(b) If the Participant dies before benefit payments are required to begin under the preceding paragraph, any benefits payable to (or for the benefit of) a designated Beneficiary will be paid by the end of the fifth full calendar year after the Participant's death, or will be paid beginning no later than the end of the first full calendar year after the Participant's death over the life of the designated Beneficiary or over a period not exceeding the life expectancy of the designated Beneficiary. If the designated Beneficiary is the surviving spouse, payment may be delayed until the date the Participant would have attained age 70 1/2.

(c) In applying the foregoing rules, each Annuity Contract or Custodial Account shall be treated as an individual retirement account (IRA) and distribution shall be made in accordance with the provisions of Section 1.408-8 of the IRS Treasury regulations, except as provided in Section 1.403(b)-6(e) of the Regulations.

(d) Notwithstanding any other provision of this Article 6, with respect to a Participant or Beneficiary who would have received distributions that are either equal to the 2009 Required Minimum Distributions or the Extended 2009 RMDs, such distributions for 2009 (i) will be received by the Participant or Beneficiary to the extent he or she is invested in the Funding Vehicles of Fund Sponsors other than Vanguard and does not elect otherwise and (ii) will not be received by the Participant or Beneficiary to the extent he or she is invested in the Funding Vehicles of Vanguard and whose 2009 Required Minimum Distributions would have been his or her first required minimum distribution and the Participant or Beneficiary has not elected otherwise. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, for purposes of Section 6.7, 2009 Required Minimum Distributions distributed by Fund Sponsors other than Fidelity shall not be treated as eligible rollover distributions and 2009 Required Minimum Distributions distributed by Fidelity shall be treated as eligible rollover distributions.

For purposes of this Section 6.4, “2009 Required Minimum Distributions” shall mean the amounts a Participant or Beneficiary would have been required to receive as a required minimum distribution for 2009 but for the enactment of Code section 401(a)(9)(H). “Extended 2009 RMDs” shall mean one or more payments in a series of substantially equal distributions (that include the 2009 Required Minimum Distributions) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint
lives (or joint life expectancy) of the Participant and Beneficiary, or for a period of at least 10 years. “Vanguard” shall mean Vanguard Group of Investment Funds, and “Fidelity” shall mean Fidelity Retirement Services.

6.5. **Application for Benefits; Spousal Consent.** Procedures for receipt of benefits are initiated by writing directly to the Fund Sponsor(s). Benefits will be payable by the Fund Sponsor(s) upon receipt of a satisfactorily completed application for benefits and supporting documents. The necessary forms will be provided to the Participant, the surviving spouse, or the Beneficiary by the Fund Sponsor(s). In any case in which Section 6.1 or 6.2 requires the consent of the Participant's spouse, the consent must be in writing, must acknowledge the effect of the election or action to which the consent applies, and must be witnessed by a notary public or a Program representative. Unless the consent expressly provides that the Participant may make further elections without further consent of the spouse, the consent will be effective only with respect to the specific election or form of benefit, or Beneficiary, or both, to which the consent relates. Spousal consent will be effective only with respect to that spouse. Spousal consent will not be required if it is established to the satisfaction of the Program representative that there is no spouse, or that the spouse cannot be located.

6.6. **Loans.** Subject to the Code, any requirements to obtain a Participant’s spouse’s consent, and the terms of the Funding Vehicles, loans are available to Participants before the commencement of benefit payments from such Funding Vehicle or Vehicles as may be designated by the Program Administrator.

(a) **Information Coordination Concerning Loans.** The Program Administrator shall provide or make provision for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Program, the Fund Sponsors shall share information as directed by the EmployerUW, and the Program Administrator shall coordinate or provide for the coordination of the limitations on loans set forth in (b) below, including the collection of information from other Fund Sponsors and the transmission of information requested by any Fund Sponsor, concerning the outstanding balance of any loans made to a Participant under the Program or any other plan of UW or any Related Employer. The Program Administrator shall also collect or provide for the collection of information from other Fund Sponsors and transmit information to other Fund Sponsors concerning any failure by a Participant to repay timely any loans made to a Participant under the Program or any other plan of UW or any Related Employer.

(b) **Maximum Loan Amount.** No loan to a Participant under the Program may exceed the lesser of:

(1) $50,000, reduced by the greater of (i) the outstanding balance on any loan from the Program to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Program to the Participant during the one-year period ending on the day before the date the loan is approved by the Program Administrator (not taking into account any payments made during such one-year period); or
(2) one half of the value of the Participant's Accumulation Accounts (as of the valuation date immediately preceding the date on which such loan is approved by the Program Administrator).

For purposes of this Section 6.6(b), any loan from any other plan maintained by UW and any Related Employer shall be treated as if it were a loan made from the Program, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Program; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan to exceed the amount that would otherwise be permitted in the absence of this paragraph.

6.7. Direct Rollover of Eligible Rollover Distributions.

(a) Eligible Rollover Distributions.

(1) A Participant or the Beneficiary of a deceased Participant (or a Participant’s spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Code) who is entitled to an eligible rollover distribution (as defined below) from the Program may elect to have any portion of that distribution paid directly to an eligible retirement plan (as defined below) specified by the Participant in a direct rollover. In addition, if an eligible rollover distribution is made to a Roth IRA (as such term is defined in section 408A(b) of the Code), the distributee shall recognize ordinary income in the amount of the eligible rollover distribution to the extent provided in section 408A(d)(3)(A) of the Code.

(2) For purposes of this Section 6.7, an “eligible rollover distribution” means any distribution of all or any portion of a Participant’s benefit under the Program to another eligible retirement plan, except that an eligible rollover distribution does not include (i) any installment payment for a period of 10 years or more, (ii) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (iii) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under section 401(a)(9) of the Code.

(3) For purposes of this Section 6.7, an “eligible retirement plan” means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, a Roth IRA described in section 408A of the Code, a qualified trust described in section 401(a) of the Code, an annuity plan described in section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code. In the case of a distribution to a Beneficiary who at the time of the Participant’s death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of section 408(d)(3)(C) of the Code).
(b) Each Fund Sponsor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

(c) Notwithstanding any provision of this Section 6.7 to the contrary, a direct rollover of a distribution attributable to a Participant’s Roth Contributions will only be made to another Roth elective deferral account under an applicable retirement plan described in section 402A(3)(1) of the Code or to a Roth IRA described in section 408A of the Code, and only to the extent the rollover is permitted under the rules of section 402(c) of the Code.

7. **General Provisions and Limitations Regarding Benefits**

7.1. **Non-Alienation of Retirement Rights or Benefits.** To the fullest extent permitted by law, no benefit under the Program may at any time be subject in any manner to alienation, encumbrance, the claims of creditors or legal process. No person will have the power in any manner to transfer, assign, alienate, or in any way encumber his or her benefits under the Program, or any part thereof, and any attempt to do so will be void and of no effect. This Program will, however, comply with any judgment, decree or order which establishes the rights of another person to all or a portion of a Participant's benefit under this Program to the extent that it is treated as a qualified domestic relations order under Code section 414(p). Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Program. UW shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order, as well as for delegating the responsibility for making such determinations to Fund Sponsors. The Fund Sponsors may charge a reasonable fee for these services to a Participant by deducting such fee from a Participant’s Accumulation Account.

8. **Administration**

8.1. **Program Administrator.** UW is the Program Administrator, and has designated the UW Benefits Office to be responsible for the day to day administration of the Program.

8.2. **Authority of the Program Administrator.** The Program Administrator has all the powers and authority conferred upon it herein and further shall have final authority to determine, in its discretion, all questions concerning eligibility and contributions under the Program, to interpret all terms of the Program, including any uncertain terms, and to decide any disputes arising under and all questions concerning administration of the Program. Any determination made by the Program Administrator shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary and capricious. In exercising these powers and authority, UW will at all times exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

8.3. **Delegation of Authority.** The Program Administrator may delegate any power or powers to one or more other employees of UW, or to any agent or independent contractor of UW, including the Master Administrator or the Fund Sponsors. Any such delegation shall be in writing, and may be obtained from the Program Administrator.
8.4. **Suspense Accounts.** Any reasonable and necessary expense of administering the Program or of any Annuity Contract or Custodial Account, unless paid by UW, a Participant (as described below)’s Annuity Contract or Custodial Account, or from a suspense account established for such purpose by the Annuity Contract issuer or Custodial Account custodian a Fund Sponsor in the nature of “revenue sharing” or similar deposits of asset management fees in excess of a negotiated amount as determined by the Program Administrator or UW, shall be apportioned among and charged against the individual Annuity Contracts and/or Custodial Accounts in such manner as the Program Administrator may direct, except that expenses allocable to a specific Annuity Contract or Custodial Account may be charged against such Annuity Contract or Custodial Account. To the extent consistent with the Code and applicable law, expenses allocable to a specific Annuity Contract or Custodial Account may be charged against such Annuity Contract or Custodial Account, as may be set forth in the Annuity Contract, Custodial Agreement, or other services agreement. Revenue credits deposited in such a suspense account may also be credited to Participants Accumulation Accounts in a manner determined by the Program Administrator.

9. **Amendment and Termination**

9.1. **Amendment and Termination.** While it is expected that this Program will continue indefinitely, UW reserves the right at any time to amend or terminate the Program, or to discontinue any further VIP Contributions under the Program, by resolution of its Board of Regents. If the Program is terminated or if contributions are discontinued, UW will notify all Participants, all Accumulation Accounts will remain nonforfeitable, and all agreements for salary reduction contributions that have been entered into will become void with respect to salary amounts yet to be earned.

9.2. **Distribution Upon Termination of the Program.** UW may provide that, in connection with a termination of the Program and subject to any restrictions contained in the Annuity Contracts and Custodial Account agreements, all Accumulation Accounts will be distributed, provided that UW and any Related Employer on the date of termination do not make contributions to an alternative Section 403(b) contract that is not part of the Program during the period beginning on the date of Program termination and ending 12 months after the distribution of all assets from the Program, except as permitted by IRS Treasury regulations.

9.3. **Limitation.** Notwithstanding the provisions of Section 9.1, the Board shall not make any amendment to the Program that operates to recapture for UW any contributions previously made under this Program except to the extent permitted by Section 4.7.

10. **Miscellaneous**

10.1. **Program Does Not Affect Employment.** Nothing contained in this Program may be construed as a commitment or agreement on the part of any person to continue his or her employment with UW, and nothing contained in this Program may be construed as a commitment on the part of UW to continue the employment or the rate of compensation of any person for any period. All employees of UW will remain subject to discharge to the same extent as if the Program had never been put into effect.
10.2. **Claims of Other Persons.** No provisions in this Program will be construed as giving any Participant or any other person, firm, or corporation any legal or equitable right against UW or its officers, employees, or regents, except for the rights that are specifically provided for in this Program or created in accordance with the terms and provisions of this Program.

10.3. **Contracts and Certificates.** In the event there is any inconsistency or ambiguity between the terms of the Program and the terms of the contracts between the Fund Sponsors and UW and/or the Participants and any certificates issued to a Participant under the Program, the terms of the Program control.

10.4. **Requests for Information.** Any request for information concerning eligibility, participation, contributions, or other aspects of the operation of the Program should be in writing and directed to the Administrator of this Program. Requests for information concerning the Fund Sponsor(s) and their Funding Vehicle(s), their terms, conditions and interpretations thereof, claims thereunder, any requests for review of such claims, may be directed in writing to the Fund Sponsor(s).

10.5. **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Program by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the UW Benefits Office, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the UW Benefits Office, to UW.

10.6. **Governing Law.** Except as provided under federal law, the provisions of the Program are governed by and construed in accordance with the laws of the State of Washington.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan

RECOMMENDED ACTION

It is the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve changes in the UW Retirement Plan (the “Plan”) to reflect changes required by the IRS and to update the membership and purpose of the Fund Review Committee, effective as of the dates set forth below.

EXPLANATION OF PROPOSED CHANGES

To maintain compliance of the UW Retirement Plan with federal regulations, the definition of “Basic Salary” and ”Years of Service” have been amended to comply with the Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, relating to eligible compensation and service accrual for members of the Armed Services during qualified military service. In addition, the Fund Review Committee is being expanded to include both the Vice President of Human Resources and additional faculty representative. Finally, a new Section 7.4(d) has been added to describe the treatment of requirement minimum distributions for 2009 under Code Section 401(a)(9)(H).

Section 2.13

Effective January 1, 2013, a new Section 2.13 will be added to read in its entirety as follows. Sections 2.13 – 2.21 will be renumbered accordingly.

2.13. **Includible Compensation** means an individual’s compensation received from UW that is includible in gross income for federal tax purposes (computed without regard to section 911 of the Code) for the most recent period that is a year of service, as determined under section 403(b)(3) of the Code and the Treasury regulations thereunder, and increased (subject to the limits of section 401(a)(17) of the Code) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code. Effective January 1, 2009, Includible Compensation shall include any differential wage payment (as defined in section 414(u)(12)(D) of the Code) paid to an individual by UW to the extent required under section 414(u)(12) of the Code (and, to the extent required by section 414(u)(12)(A)(i) of the Code, such an individual shall be treated as an Eligible Employee). The amount of Includible Compensation is determined without regard to any community property laws.
B. Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan (continued p. 2)

Section 4.4(b)

Section 4.4(b) shall be amended by adding the following to the end thereof:

Without limiting the generality of the foregoing, to the extent required under Code section 401(a)(37), in the case of a Participant who dies on or after January 1, 2007 while performing qualified military service, the Participant's survivors are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed employment with the Employer in accordance with his or her reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 and then terminated employment on account of death.

Section 5.2

Section 5.2 currently reads as follows:

Fund Review Committee

(a) Responsibility. The Fund Review Committee is a standing body responsible for reviewing the performance of Fund Sponsors and Funding Vehicles available through the University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP). The Committee will also evaluate and recommend whether new Fund Sponsors or Funding Vehicles should be added and whether existing Fund Sponsors or Funding Vehicles should be removed.

If a Funding Vehicle or Fund Sponsor is removed, it shall not be available for subsequent contributions except as otherwise prescribed by the Committee. In addition, the Committee may determine that existing accumulations shall be transferred to one or more other Funding Vehicles specified by the Committee.

The Committee, in coordination with the UW Benefits and WorkLife Office, is to determine the frequency of the performance reviews. In evaluating existing Fund Sponsors and Fund Vehicles, the Committee will monitor and review performance data, analyze participants’ comments, requests and concerns, and conduct public meetings on proposed changes. Draft recommendations of the Committee will be presented to and discussed with the Faculty Council on Retirement, Insurance and Benefits.
VII.  STANDING COMMITTEES

B.  Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan (continued p. 3)

Final recommendations for changes are to be submitted to the Executive Vice President.

The UW Benefits and WorkLife Office shall provide support for the Committee’s activities. The Committee may also appoint such advisors and adopt such guidelines, policies or procedures as it deems appropriate.

(b) Membership. The Committee shall be appointed by, and serve at the pleasure of, the Executive Vice President of UW, who will consult with the Faculty Council on Retirement, Insurance and Benefits in selecting the members. The membership shall include the following representatives and officials:

- One representative of the Faculty Council on Retirement, Insurance and Benefits
- One or more representatives of the Faculty, as recommended by the Faculty Senate Executive Committee
- One representative of the Librarians, as recommended by the Association of Librarians of the University of Washington
- One representative of the Professional Staff, as recommended by the Professional Staff Organization
- One UWRP participant representing the Classified or Contract Classified Staff, as recommended by the Vice President, Human Resources
- One retired UWRP representative, as recommended by the UW Retirement Association
- Ex officio, voting members:
  - UW Director of Benefits & WorkLife
  - UW Treasurer, Board of Regents
- Nonvoting members:
  - Representative from a four year institution of higher education in the State of Washington other than the University of Washington.

In appointing members, those groups recommending members and the Executive Vice President shall seek to identify individuals who have expertise in the areas of tax and pension law for 403(b) or similar retirement plans, or of finance, investment, or economics.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan (continued p. 4)

Effective May 1, 2013, Section 5.2 shall be amended to read in its entirety as follows:

Fund Review Committee

Responsibility. The Fund Review Committee is a standing body responsible for reviewing the performance of Fund Sponsors and Investment Options Funding Vehicles available through the University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP) Plan. The Committee will also evaluate and recommend whether new Fund Sponsors or Investment Options Funding Vehicles should be added and whether existing Fund Sponsors or Investment Options Funding Vehicles should be removed.

If an Investment Option Funding Vehicle or Fund Sponsor is removed, it shall not be available for subsequent contributions except as otherwise prescribed by the Committee. In addition, the Committee may determine that existing accumulations shall be transferred to one or more other Investment Options Funding Vehicles specified by the Committee.

The Committee shall meet as often as it deems appropriate, but not less than every six months. In evaluating existing Fund Sponsors and Investment Options Funding Vehicles, the Committee will monitor and review performance data, consider participants’ comments, requests and concerns. Draft recommendations of the Committee will be presented to and discussed with the Faculty Council on Benefits and Retirement, the Professional Staff Organization and the Association of Librarians of the University of Washington. Final recommendations for changes will be submitted to the Provost and Executive Vice President.

The UW Benefits and WorkLife Office shall provide support for the Committee’s activities. The Committee will assist in the selection of an Investment Consultant and adopt an Investment Policy Statement to guide their recommendations.

Membership. The Committee shall be appointed by, and serve at the pleasure of, the Provost and Executive Vice President of UW, who will consult with the Faculty Council on Benefits and Retirement, the Professional Staff Organization and the Association of Librarians of the University of Washington in selecting committee members to represent
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan (continued p. 5)

their constituents. The membership shall include the following voting representatives and officials:

- One representative of the Faculty Council on Benefits and Retirement;
- Three representatives of the Faculty, as recommended by the Faculty Senate Executive Committee;
- One representative of the Librarians, as recommended by the Association of Librarians of the University of Washington;
- One representative of the Professional Staff, as recommended by the Professional Staff Organization;
- One representative of the UW Treasury Office as recommended by the UW Treasurer;
- One representative of the Office of Planning and Budgeting as recommended by the Vice Provost for Planning and Budgeting;
- One Voluntary Investment Program (VIP) participant representing the Classified or Contract Classified Staff, as recommended by the Vice President, Human Resources, other than the Vice President Human Resources;
- One retired UWRP representative, as recommended by the UW Retirement Association;
- Ex officio, voting members:
  - UW Human Resources - Executive Director of Benefits
  - UW Treasurer, Board of Regents
  - UW Vice President, Human Resources

Nonvoting members shall include:

- One representative each from Human Resources at Central Washington University and Western Washington University.

In appointing members, those groups recommending members and the Provost and Executive Vice President shall seek to identify where possible, individuals who have expertise in the areas of tax and pension law for 403(b) or similar retirement plans, or of finance, investment, or economics.

The Provost and Executive Vice President shall designate the Chair of the Committee.

Members shall serve staggered, three year terms. The Chair of the Committee may appoint such committee officers, advisors and subcommittees as needed.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW Retirement Plan (continued p. 6)

Section 7.4(d)

Effective as of January 1, 2009, Section 7.4 of the Plan is amended by adding the following new paragraph (d) to the end thereof:

Notwithstanding any other provision of this Article 7, with respect to a Participant or Beneficiary who would have received distributions that are either equal to the 2009 Required Minimum Distributions or the Extended 2009 RMDs, such distributions for 2009 (i) will be received by the Participant or Beneficiary to the extent he or she is invested in the Funding Vehicles of Fund Sponsors other than Vanguard and does not elect otherwise and (ii) will not be received by the Participant or Beneficiary to the extent he or she is invested in the Funding Vehicles of Vanguard and whose 2009 Required Minimum Distributions would have been his or her first required minimum distribution and the Participant or Beneficiary has not elected otherwise. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, for purposes of Section 7.6, 2009 Required Minimum Distributions distributed by Fund Sponsors other than Fidelity shall not be treated as eligible rollover distributions and 2009 Required Minimum Distributions distributed by Fidelity shall be treated as eligible rollover distributions.

For purposes of this Section 7.4, “2009 Required Minimum Distributions” shall mean the amounts a Participant or Beneficiary would have been required to receive as a required minimum distribution for 2009 but for the enactment of Code section 401(a)(9)(H), “Extended 2009 RMDs” shall mean one or more payments in a series of substantially equal distributions (that include the 2009 Required Minimum Distributions) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and Beneficiary, or for a period of at least 10 years, “Vanguard” shall mean Vanguard Group of Investment Funds, and “Fidelity” shall mean Fidelity Retirement Services.

REVIEW AND APPROVAL

Fund Review Committee language was reviewed with the Provost and Executive Vice President; Faculty Council on Benefits and Retirement; and Senate Committee on Planning and Budgeting. The other changes are technical in nature and required due to changes in operations or Internal Revenue Code requirements for tax-deferred Section 403(b) plans. The amendments were drafted by the UW Special Assistant Attorney General for 403(b) matters; reviewed and endorsed by the Vice President for Human Resources.

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VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW 401(a) for Selected Employees Plan

RECOMMENDED ACTION

It is the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendment of the University of Washington 401(a) Plan for Selected Employees (the “Plan”) effective as of the date set forth below.

The Plan was amended and restated effective July 1, 2009. The Plan is intended to be qualified under Internal Revenue Code Section 401(a).

EXPLANATION OF PROPOSED CHANGES

These changes are intended to maintain compliance with federal law by adding a new Section 7.5(c) to describe the treatment of requirement minimum distributions for 2009 under Code Section 401(a)(9)(H).

Effective as of January 1, 2009, Section 7.5 of the Plan is amended by adding the following new paragraph (c) to the end thereof:

Notwithstanding any other provision of this Article 7, with respect to a Participant or Beneficiary who would have received distributions that are either equal to the 2009 Required Minimum Distributions or the Extended 2009 RMDs, such distributions for 2009 will be received by the Participant or Beneficiary unless he or she elects otherwise. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, for purposes of Section 7.4, 2009 Required Minimum Distributions distributed from investment funds of Fidelity shall be treated as eligible rollover distributions and all other 2009 Required Minimum Distributions shall not be treated as eligible rollover distributions.

For purposes of this Section 7.5, “2009 Required Minimum Distributions” shall mean the amounts a Participant or Beneficiary would have been required to receive as a required minimum distribution for 2009 but for the enactment of Code section 401(a)(9)(H), “Extended 2009 RMDs” shall mean one or more payments in a series of substantially equal distributions (that include the 2009 Required Minimum Distributions) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW 401(a) for Selected Employees Plan (continued p. 2)

Beneficiary, or for a period of at least 10 years, and “Fidelity” shall mean Fidelity Retirement Services.

REVIEW AND APPROVAL

The language of this proposed change is technical in nature and mandated by the IRS.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW 401(a) Supplemental Retirement Plan

RECOMMENDED ACTION

It is the Recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve this amendment of the University of Washington 401(a) Supplemental Retirement Plan (the “Plan”), which is required by the IRS.

The UWSRP was split out from the University of Washington Retirement Plan by Regent action effective January 1, 2009. The Plan is a defined benefit plan intended to be qualified under Internal Revenue Code Section 401(a). The Plan was closed to new participants effective March 1, 2011 by Regent action.

EXPLANATION OF PROPOSED CHANGES

These changes are intended to incorporate required provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART Act”).

Section 2.2 – Definition of “Basic Salary”

Section 2.2 currently reads as follows:

“Basic Salary” means the salary received by a Participant under the terms of his or her appointment, including any summer appointments, but excluding other extended appointments. Basic Salary shall be determined before taking into account any salary reduction under Code sections 125, 132, 403(b) or 457(a). Basic Salary shall exclude leave cash-out payments, any settlement, severance or tenure purchase payments, and any other amounts that are not taken into account in computing UWRP contributions. For any Participant who first became a participant in this Plan or the UWRP on or after July 1, 1996, Basic Salary shall not be taken into account for any Plan Year in excess of $230,000 (or such other limit as shall apply for such Plan Year under Section 401(a) (17) of the Code).

Section 2.2 would be amended, effective January 1, 2009, to read as follows:

“Basic Salary” means the salary received by a Participant under the terms of his or her appointment, including any summer appointments, but excluding other extended appointments. Basic Salary shall be determined before taking into account any salary reduction under Code Sections 125, 132, 403(b) or 457(a).
B. Finance, Audit and Facilities Committee

Approve Amended UW 401(a) Supplemental Retirement Plan (continued p. 2)

Basic Salary shall exclude leave cash-out payments, any settlement, severance or tenure purchase payments, and any other amounts that are not taken into account in computing UWRP contributions. For any Participant who first became a participant in this Plan or the UWRP on or after July 1, 1996, Basic Salary shall not be taken into account for any Plan Year in excess of $230,000 or $255,000 (or such other limit as shall apply for such Plan Year under Section 401(a) (17) of the Code). For purposes of this Section 2.2, effective January 1, 2009, “Basic Salary” shall include any differential wage payment (as defined in Code Section 414(u)(12)(D)) paid to an individual by UW to the extent required under Code Section 414(u)(12) and, to the extent required by Code Section 414(u)(12)(A)(i), such an individual shall be treated as an employee.

Section 2.22 – Definition of “Year of Service”

Section 2.22 currently reads as follows:

Year of Service” is a Plan Year in which the employee completes at least five Months of Service, excluding Months of Service before a prior Break in Service (if any) and, after July 1, 1979, any Months of Service for which no contributions were made under the UWRP or any other plan established pursuant to RCW 28B.10.400. Authorized leaves of absence will also be included, as will periods of absence in the uniformed services to the extent provided in USERRA. A Participant's Years of Service will also include his or her credited Years of Service in a position covered by RCW 28B.10.400 et seq. or in a UW position covered by a Washington State Retirement System, provided that, with regard to the Washington State Retirement System, (a) the Participant transfers directly from the System to the UWRP, (b) the Participant was vested and will receive a retirement income benefit from such System, (c) service that has been withdrawn or for which a retirement income was begun prior to UWRP retirement does not count, and (d) the Participant signs a release within 60 days after the application for benefits, as needed to obtain the relevant information from the System. Any retirement income benefit that he or she is eligible to receive under the System attributable to Years of Service that are covered under the preceding sentence shall be included in the assumed benefit offset described in Section 5.3. Except as otherwise provided in USERRA, an Employee may receive credit for no more than two years during his or her entire working career for periods of authorized leave without pay, provided that the Employee contributes both the Employer and Employee contributions under the UWRP while on authorized leave, and returns to the employment of UW immediately following the leave for a period of not less than two years.
Apologies, the text you provided seems to be cut off and not readable. Please ensure the text is fully visible and provide it again so that I can assist you better.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended UW 401(a) Supplemental Retirement Plan (continued p. 4)

The Employee employee and Employer employer contributions shall be based on the average of the Employee’s employee’s compensation at the time the leave of absence was authorized and the time the employee resumes employment. However, the benefit provided by this Plan shall be based only on the Participant’s compensation Basic Salary earned from employment with UW.

REVIEW AND APPROVAL

The language of this proposed change is technical in nature and mandated by the IRS.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

2013 Audit Plans – KPMG and Peterson Sullivan

For information only.

Attachments

1. KPMG - University of Washington, 2013 Audit Plan
3. Peterson Sullivan LLP - University of Washington, Audits of Housing and Dining System and Retail and Remote Food Services for the Year Ending June 30, 2013
5. Peterson Sullivan LLP - University of Washington, Commodore Duchess, Radford Court and Nordheim Court Audits for the Year Ending June 30, 2013
## Contents

I. Executive Summary .................................................. 2

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VII. Tentative Timetable .................................................. 14
I. Executive Summary

Scope of Audit

We will audit the balance sheet of the University of Washington (the University) as of June 30, 2013, and the related statements of revenues, expenses, and changes in net assets 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, and Internal Lending Program. 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 4 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. 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.
The following illustration depicts the entities included in the University of Washington Annual Report.

<table>
<thead>
<tr>
<th>2012 Assets (in millions)</th>
<th>Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 8,403</td>
<td>University of Washington</td>
</tr>
<tr>
<td></td>
<td>Research, Teaching, and Public Service Activities (Main Campus)*</td>
</tr>
<tr>
<td></td>
<td>UW Medical Center*</td>
</tr>
<tr>
<td></td>
<td>Commuter Services*</td>
</tr>
<tr>
<td></td>
<td>Intercollegiate Athletics*</td>
</tr>
<tr>
<td></td>
<td>Internal Lending Program*</td>
</tr>
<tr>
<td></td>
<td>Airlift Northwest*</td>
</tr>
<tr>
<td></td>
<td>Housing and Food Services</td>
</tr>
<tr>
<td></td>
<td>Metropolitan Tract</td>
</tr>
<tr>
<td>$ 80</td>
<td>Wholly Owned Insurance Company</td>
</tr>
<tr>
<td></td>
<td>Portage Bay Insurance*</td>
</tr>
<tr>
<td>$ 167</td>
<td>Affiliated Organizations – Medical entities</td>
</tr>
<tr>
<td></td>
<td>University of Washington Physicians*</td>
</tr>
<tr>
<td></td>
<td>University of Washington Physicians Network*</td>
</tr>
<tr>
<td>$ 401</td>
<td>Affiliated Organizations – Real Estate Properties</td>
</tr>
<tr>
<td></td>
<td>Washington Biomedical Research Properties I</td>
</tr>
<tr>
<td></td>
<td>Washington Biomedical Research Properties II</td>
</tr>
<tr>
<td></td>
<td>Washington Biomedical Research Properties III</td>
</tr>
<tr>
<td></td>
<td>TSB Properties</td>
</tr>
<tr>
<td>$ 884</td>
<td>Affiliated Organizations (discretely presented components)</td>
</tr>
<tr>
<td></td>
<td>UW Medicine/Northwest*</td>
</tr>
<tr>
<td></td>
<td>Valley Medical Center*</td>
</tr>
</tbody>
</table>

Organizations Not included in University of Washington Annual Report

- Harborview Medical Center*
- University of Alumni Association*
- University of Washington Foundation*
- Henry Gallery Association, Inc.
- Washington Law School Foundation
- Washington Pulp and Paper Foundation

* Audited by KPMG LLP (KPMG).
III. Scope of Our Audits

University Financial Report
We will audit the balance sheet of the University as of June 30, 2013 and the related statements of revenues, expenses, and changes in net assets 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, 2013. 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, 2013. 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, 2013. 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, 2013. We will conduct our audit in accordance with U.S. GAAP.

**Airlift Northwest**
An audit of Airlift Northwest will be performed for the year ended June 30, 2013. We will conduct our audit in accordance with U.S. GAAP.

**Affiliated Organizations**
As shown in the table on page 4 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, 2013: 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

University of Washington
Financial Report

Ann Nelson
Client Service Partner

Jacqueline Cabe
Senior Audit Partner

Eileen McGinn
Concurring Review Partner

Karissa Marker
Lead Engagement Partner

Multiple Actuarial Specialists

Lisa Pascuzzi
Audit Senior Manager

Paige Rachor
Audit Senior

Michael Isensee
Information Risk Management Partner

Regina Prince
Tax Managing Partner

Individual Department and Auxiliary Audits:

UW Medicine Entities
Jacqueline Cabe/Amy Banovich
Audit Partners
Multiple Audit Managers and Seniors

Portage Bay Insurance
Karen Saunders
Audit Partner
Lisa Pascuzzi
Audit Senior Manager
Margot Robison
Senior

UW Commuter Services
Karissa Marker
Audit Partner
Lisa Pascuzzi
Audit Senior Manager
Paige Rachor
Senior

Intercollegiate Athletics
Karissa Marker
Audit Partner
Lisa Pascuzzi
Audit Senior Manager
Paige Rachor
Senior

Internal Lending Program
Karissa Marker
Audit Partner
Lisa Pascuzzi
Audit Senior Manager
Paige Rachor
Senior
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:

**Engagement Setup**
- Tailor the eAudIT workflow to your circumstances
- Access global knowledge specific to your industry

**Risk Assessment**
- Understand your business and financial processes
- Identify significant risks in your business
- Determine audit approach
- Evaluate design and implementation of your internal controls

**Completion**
- Form and issue audit opinion on financial statements
- Issue management letter
- Debrief audit process

**Testing**
- Test effectiveness of your internal controls
- Perform substantive tests
- Check financial statements

**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).
### In Scope Applications

<table>
<thead>
<tr>
<th>University of Washington</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit program, and relevant audit objective references</td>
<td>Application Name</td>
</tr>
<tr>
<td>Student Database</td>
<td>SDB</td>
</tr>
<tr>
<td>Human Resources and Payroll</td>
<td>HEPPS</td>
</tr>
<tr>
<td>General Ledger</td>
<td>FAS</td>
</tr>
<tr>
<td>Expenditures</td>
<td>PAS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University of Washington Medical Center</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Program, and relevant audit objective references</td>
<td>Application Name</td>
</tr>
<tr>
<td>General Ledger</td>
<td>PFM</td>
</tr>
<tr>
<td>AR/Billing</td>
<td>EPIC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Harborview Medical Center</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Program, and relevant audit objective references</td>
<td>Application Name</td>
</tr>
<tr>
<td>General Ledger</td>
<td>PFM</td>
</tr>
<tr>
<td>AR/Billing</td>
<td>EPIC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Valley Medical Center</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Program, and relevant audit objective references</td>
<td>Application Name</td>
</tr>
<tr>
<td>General Ledger</td>
<td>McKesson</td>
</tr>
<tr>
<td>AR/Billing</td>
<td>STAR</td>
</tr>
</tbody>
</table>
### Overview of Audit Procedures

**Balance Sheet as of June 30, 2012**

<table>
<thead>
<tr>
<th>Financial Statement Caption</th>
<th>Audit Considerations</th>
<th>Key Audit Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Investments</strong></td>
<td>▪ Accounting for and control over cash and investments focused on the completeness, existence, accuracy, and valuation.</td>
<td>▪ Test account reconciliations</td>
</tr>
<tr>
<td>($3.9 billion)</td>
<td></td>
<td>▪ Confirm key cash and investment balances</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ 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</td>
</tr>
</tbody>
</table>
| **Accounts Receivable – Patient Services** | ▪ Existence of receivables  
▪ Reasonableness of contractual and bad debt allowances  
▪ Collectibility of receivables | ▪ 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 |                                                                                                                                                                                                        |
| ($272 million)              |                                                                                                                                                                                                                      |                                                                                                                                                                                                        |
| **Accounts Receivable – Grants and Contracts** | ▪ Existence of receivables  
▪ Accuracy of receivables  
▪ Collectibility of receivables | ▪ Evaluate internal controls  
▪ Select a sample and agree to underlying contracts.  
▪ Assess the validity and collectibility of billed and unbilled receivables. |                                                                                                                                                                                                        |
| ($165 million)              |                                                                                                                                                                                                                      |                                                                                                                                                                                                        |
| **MetroTract**              | ▪ Proper recording of net assets of MetroTract | ▪ Obtain and review the audit report of Peterson & Sullivan |                                                                                                                                                                                                        |
| ($114 million)              |                                                                                                                                                                                                                      |                                                                                                                                                                                                        |
| **Capital Assets**          | ▪ Proper capitalization and classification of assets  
▪ Appropriate depreciation/amortization | ▪ 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. |                                                                                                                                                                                                        |
| ($3.6 billion)              |                                                                                                                                                                                                                      |                                                                                                                                                                                                        |
V. KPMG Audit Process (continued)

<table>
<thead>
<tr>
<th>Financial Statement Caption</th>
<th>Audit Considerations</th>
<th>Key Audit Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Liabilities ($442 million)</td>
<td>Recognition of transaction in proper accounting period Accuracy of amounts recorded and assessment of management’s estimates</td>
<td>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</td>
</tr>
<tr>
<td>Self Insurance Reserve ($63 million)</td>
<td>Valuation of management’s estimates for legal liabilities</td>
<td>Obtain and review actuarial calculation Test the underlying data of the actuarial calculation</td>
</tr>
<tr>
<td>Long-term liabilities ($1.9 billion)</td>
<td>Proper classification Compliance with financial covenants</td>
<td>Confirm balances Test disclosure and classification Test financial covenants</td>
</tr>
<tr>
<td>Net Assets ($5.7 billion)</td>
<td>Proper classification of restrictions</td>
<td>Review reasonableness of balances and net assets calculations</td>
</tr>
</tbody>
</table>

Statement of Revenues, Expense, and Changes in Net Assets for the year ending June 30, 2012

<table>
<thead>
<tr>
<th>Financial Statement Caption</th>
<th>Audit Considerations</th>
<th>Key Audit Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student tuition and fees ($681 million)</td>
<td>Accounting for and controls over the tuition cycle Proper accounting for scholarship allowances</td>
<td>Review reasonableness of balances compared to expectation on a per student basis Test and evaluate internal controls</td>
</tr>
<tr>
<td>Patient services ($1.1 billion)</td>
<td>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</td>
<td>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</td>
</tr>
<tr>
<td>Grants and Contracts revenue ($1.3 billion)</td>
<td>Proper recording of revenues and collections Accuracy of account balances</td>
<td>Test and evaluate internal controls Test accuracy and eligibility of sampled expenditures that drive revenue recognition</td>
</tr>
</tbody>
</table>
V. KPMG Audit Process (continued)

<table>
<thead>
<tr>
<th>Financial Statement Caption</th>
<th>Audit Considerations</th>
<th>Key Audit Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Enterprise revenue</td>
<td>Proper consolidation of entities</td>
<td>Obtain and review departmental and component unit statements for proper inclusion in the financial statements</td>
</tr>
<tr>
<td>($161 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>Recognized in proper accounting period</td>
<td>Test and evaluate the internal controls</td>
</tr>
<tr>
<td>($2.4 billion)</td>
<td>Accuracy of amounts recorded</td>
<td>Review reasonableness of balances compared to expectation</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>Accuracy of amounts recorded</td>
<td>Confirm balances with information provided from the state accounting system</td>
</tr>
<tr>
<td>($218 million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment gain</td>
<td>Accuracy of amounts recorded</td>
<td>Confirmation of amounts with the custodian</td>
</tr>
<tr>
<td>($34 million)</td>
<td></td>
<td>Obtain and review the SOC1 internal control report provided by the service organization.</td>
</tr>
</tbody>
</table>

**Coordination with Other Auditors**

When necessary we will coordinate with the following other auditors.

<table>
<thead>
<tr>
<th>Auditor</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peterson Sullivan</td>
<td>Audit of Metro Tract, Housing and Food Services</td>
</tr>
<tr>
<td>Washington State Auditor's Office</td>
<td>Audit of University of Washington Annual Report</td>
</tr>
<tr>
<td>University of Washington Internal Audit</td>
<td>Various</td>
</tr>
<tr>
<td>Shallo, Galluscio, Bianchi and Fucito</td>
<td>Audit of Various Real Estate Component Units</td>
</tr>
</tbody>
</table>

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 third year we will work with internal audit in a direct assist role as they perform some of the external audit procedures on the audits of the University of Washington Financial Report, the University of Washington Medical Center, and Harborview Medical Center.
VI. New Accounting Pronouncements


The requirements of this Statement are effective for periods beginning after December 15, 2011.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

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.

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.

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.

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.

We are working with management to understand these requirements and their application in the University’s financial statements for this fiscal year.
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.
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The following is a summary of the services we will provide for the University of Washington Metropolitan Tract for 2013. 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 Cobb Building).

- **Rainier Tower Sublease:** We audit the results of operations specifically associated with the Rainier Tower sublease on a stand-alone basis.

- **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.

- **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. This also includes certain lease compliance agreed-upon procedures related to the Cobb Building.

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.

The real estate market and the hotel market in the area have been improving, so we expect the operating results of Metropolitan Tract to show a positive change in general. If the operating results are contrary to our expectations, we will further investigate to focus on the causes. We prepare our audit programs to focus audit efforts in these areas.

Also, the master lease with Unico is expiring in October 2014 and we are aware that plans are being discussed as to how the Metropolitan tract properties should be managed after the lease expires. If any of the plans are firmed up before the financial statements are issued, we will be cognizant to ensure that any significant subsequent events or commitments are properly disclosed in the footnotes.
Rainier Tower Sublease

The Rainier Tower sublease financial results are included in the Metropolitan Tract financial statements. We audit this activity and also audit the separate results of operations for the Rainier Tower on a stand-alone basis. We expect to focus our audit procedures on rental revenue recognition (including lease compliance) and capital expenditures.

Instances of fraud (if any) noted during the audits will be communicated to the appropriate governing body.

Fairmont Olympic Hotel

The financial results from 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 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 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.

Unico Properties, Inc.

The financial results from the Unico Properties are 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 the Cobb lease and the allocation of parking revenue.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Procedures related to the Unico activity begin mid June 2013.
- Procedures related to the Fairmont begin mid July 2013.
- The Metropolitan Tract audit begins during the second week of August 2013.
- The Rainier Tower audit begins the second week of August 2013.
- Reports for Fairmont and Unico are prepared for the year ended December 31, 2012, and will be issued by September 15, 2013 or sooner.
- Reports for the Metropolitan Tract and Rainier Tower are prepared for the year ending June 30, 2013, and will be issued by September 25, 2013, or sooner.
The following is a summary of the Services we will provide for the University of Washington Housing and Dining System and Retail and Remote Food Services for 2013. Our general audit plans and related timelines are also included.

SUMMARY OF SERVICES TO BE PROVIDED

We will provide the following audit services:

- Housing and Dining System (“H&D”)
- Retail and Remote Food Services (“R&R”)

SUMMARY OF AUDIT PLANS

We focus our audit procedures in the areas deemed to be the highest risk. For the H&D audit, we have determined that capital assets, accounts payable, deferred revenue, long-term debt and residence hall rent and food revenue represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. For the R&R audit, we have determined that inventory, accounts payable/accrued expenses and food and catering revenue represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. For H&D, we again expect a substantial increase in capital asset activity and the related loans from the internal lending program, in accordance with Phase II of the University’s capital improvement plan.

We will follow up on the issues related to the period-end closing (primarily related to disposal of capital assets and accrual of the interest payable) noted during the prior fiscal year. We will evaluate any procedural changes made during this fiscal year to remediate the issues.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Audit planning meeting with the University personnel in April and May 2013
- Inventory (R&R) observation at the end of June 2013.
- Internal control procedures in mid August 2013.
- Audits begin in September 23, 2013.
- Audit reports are prepared for the year ending June 30, 2013, and will be issued by October 31, 2013.
The following is a summary of the services we will provide for the University of Washington Departments within Student Life for 2013. Our general audit plans and related timelines are also included.

**SUMMARY OF SERVICES TO BE PROVIDED**

We perform audits for the departments listed below in every other year and perform internal control reviews in years when audits are not performed (except for Student Facilities Fees - Seattle Campus, which is audited every year). The Student Life activities are on a full-audit cycle in 2013, so for the fiscal year ending June 30, 2013, we will perform the financial statements audits for all departments.

**Audit:**

- The Husky Union Building ("HUB") (formerly Student Activities and Union Facilities)
- Associated Students of the University of Washington ("ASUW")
- Graduate and Professional Student Senate ("GPSS")
- Student Publications
- Student Facilities Fees – Seattle Campus (audited every year - not just the two-year cycle).

**SUMMARY OF AUDIT PLANS**

*HUB/ASUW/GPSS/Student Publications*

Other than cash, these entities have very limited assets and liabilities. The majority of the audit work focuses on cash receipts for services provided and transfers from student fees. We expect to focus our work primarily on cash receipts associated with services provided.

Operating costs are primarily salaries, which we will audit in detail. Also, we will make sure related party disclosures are complete.

Instances of fraud (if any) will be communicated to the appropriate governing body.

We did not note any material weaknesses during our financial statement audits for the year ended June 30, 2011 and no material weaknesses were noted during our internal control reviews for the year ended June 30, 2012.
Student Facilities Fees – Seattle Campus

We have determined that student facilities fees receipts, debt service payments, and cash disbursements made to various entities in the University of Washington represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. 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, 2012.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Student Facility Fees – Late July 2013
- Student Publications – Mid August 2013
- HUB/ASUW/GPSS - early September 2013

Audit reports are prepared for the year ending June 30, 2013, and will be issued by mid October 2013.
The following is a summary of the services we will provide for the Commodore Duchess Apartments, Radford Court Apartments, and Nordheim Court Apartments for 2013. Our general audit plans and related timelines are also included.

SUMMARY OF SERVICES TO BE PROVIDED

We will perform an audit for the following housing properties:

- **Commodore Duchess Apartments and Radford Court Apartments:** These properties, previously leased to an unrelated third party, were transferred back to the University in July 2011. This is the second year of the audit after management of the properties was returned to the University. We audit the results of these rental properties for the year ending June 30, 2013.

- **Nordheim Court Apartments:** The management of this property, also previously leased to an unrelated third party, was transferred back to the University in July 2012. This will be the first year that the property is audited by us, and we will audit it for the year ended June 30, 2013.

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. For the year ending June 30, 2013, the financial statements will not be comparative (single-year presentation) as the results of Nordheim will be added for the first time.

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. We will also test to ensure whether all appropriate balances of assets and liabilities were transferred from the former entity to the University. Additionally, the properties have an agreement with UW Real Estate and the Housing Food Services of the University in which the properties are required to pay administration fees to UW Real Estate and make an annual distribution to the Housing Food Services. We will review the calculation of these amounts and ensure that they are properly calculated and recorded.
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 late July 2013.
- The report will be issued by September 15, 2013
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Asset Liability Management Semi-Annual Borrower Reports (SABRe)

For information only.

BACKGROUND

The Semi-Annual Borrower Reports (SABRe) were introduced to the Board of Regents in October 2012 with a plan to share the reports with the Regents two times a year—in the spring and fall. The goal of these reports is to provide the Board with up-to-date information on the financial health of major borrowers and present proforma vs. actual performance for key financial indicators.

The reports provide financial information on four major borrowing units: Intercollegiate Athletics, Housing and Food Services, UW Medical Center and South Lake Union (School of Medicine).

Intercollegiate Athletics, Housing and Food Services, and the UW Medical Center will present a debt metric, a cash flow metric, and a reserves measure. Where available, these measures will be from audited financial statements and benchmarked against the most recent Regent-approved proforma or current financial plan.

The research campus at South Lake Union will look at actual and projected School of Medicine support, and five year historical growth in grants and reserves.

The debt from these entities represents over half of UW’s total outstanding debt. Developing leading indicators showing changes in financial performance will allow the Regents to see how the entities are responding to a dynamic business and funding environment.

Attachments

1. Intercollegiate Athletics Semi-Annual Borrower Report – May 2013
2. Housing and Food Services Semi-Annual Borrower Report – May 2013
3. UW Medical Center Semi-Annual Borrower Report – May 2013
Summary
New debt service starting in FY2014 lowers debt service coverage to projected low of 1.30 in 2016. New forecasted planned debt, capital expenditures, and loan prepayments reduce future operating reserves below proforma projections. Current revenue forecasts exceed proforma projections in conference TV rights and premium seating contributions in the renovated Husky Stadium. FY2013 performance to date includes $1M more gate revenue and more seat-related contributions than originally projected.

Risks and Mitigations
• Lower than projected ticket sales, seat-related contributions, and premium seating revenues would stress system resources.
• Projected debt service coverage near minimum requirement allows little room for operating revenue shortfalls or unexpected operating expenses.
• Scaling back capital plan, reducing operating expenditures, and eliminating loan prepayments would help mitigate these risks.

Audited actuals for Fiscal Year 2012. Proforma numbers reflect most recent Regents’ action as of that fiscal year end.

Debt Service Coverage
Net operating income as a multiple of debt service; ILP minimum is 1.25 ratio

Cash Flow
Net operating income plus gifts less debt service and capital expenses

Reserve Balance
Unrestricted net assets; ILP minimum is one year’s ICA debt service
**Summary**
Forecasted results for FY 2013 reflect the current strong demand for housing including the Phase 1 units. Continued demand for residence hall style housing has resulted in an occupancy plan to maximize the use of the Mercer Court apartment complex scheduled to open in Autumn 2013.

**Risks and Mitigations**
- Lower student occupancy levels due to a variety of potential issues such as private market competition, price sensitivity, or a change in UW enrollment plan. Ongoing monitoring of private market conditions and the Mercer occupancy plan will help balance apartment and residence hall space availability across the system.
- Projected negative cash flows in fiscal years 2017 to 2018 for capital expenses assumed in lieu of Phase 4. This risk is mitigated by strong cash reserves in excess of requirement available to offset cash flow deficiencies.

Audited actuals through Fiscal Year 2012. Proforma numbers reflect most recent Regents’ action as of that fiscal year end.

**Debt Service Coverage**
Net operating income as a multiple of debt service; ILP minimum is 1.25 ratio

**Cash Flow**
Net operating income less debt service and capital expenses

**Reserve Balance**
Unrestricted net assets; ILP minimum is 4 months of adjusted HFS operating expenses
Summary
- UW Medical Center exceeded proforma projections in all categories for FY12 audited results.
  - Debt service coverage exceeds the 1.25 minimum by a significant margin. With the addition of approved Phase 2 debt, debt service coverage remains well above the minimum.
  - Days cash on hand exceeds the current Internal Lending Program (ILP) minimum of 75 days.
- Financial ratios for FY13 through FY18 are from the Long Range Financial Plan (LFRP) prepared in the fall of 2012 that supported the Phase 2 expansion approved by the Board of Regents on November 8, 2012. There have been no updates since then.
- UW Medical Center is currently reporting operating results significantly below budgeted levels in FY13. Action plans to improve performance have been developed and are being implemented, but it is likely that FY13 results will be unfavorable compared to budget at year end. Action plans are in place and capital spending levels have been revisited to mitigate the impact on cash levels.

Risks and Mitigations
- Potential negative impacts on net revenue from health care reform and State and Federal budget issues continue to be incorporated into financial planning for the Medical Center. UW Medicine is working with State and Federal officials to identify opportunities to mitigate potential reductions.
- Continued success in executing performance improvement initiatives is key to the achievement of financial objectives going forward. Standardized infrastructure has been developed and implemented across the healthcare system and is supported by leadership, faculty and staff.

Audited actuals through Fiscal Year 2012. Proforma numbers reflect most recent Regents’ action as of that fiscal year end.

### Debt Service Coverage
Net operating income as a multiple of debt service; ILP minimum is 1.25 FY13-FY18 are projections

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Proforma</th>
<th>Actual (thru FY12) / Budget or LFRP</th>
<th>ILP minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>4.80</td>
<td>11.44</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>3.50</td>
<td>9.83</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td>3.40</td>
<td>8.41</td>
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<tr>
<td>FY13</td>
<td>4.06</td>
<td>4.06</td>
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</tr>
<tr>
<td>FY14</td>
<td>4.83</td>
<td>4.83</td>
<td>4.83</td>
</tr>
<tr>
<td>FY15</td>
<td>4.83</td>
<td>4.83</td>
<td>5.56</td>
</tr>
<tr>
<td>FY16</td>
<td>5.56</td>
<td>4.38</td>
<td>4.38</td>
</tr>
<tr>
<td>FY17</td>
<td>4.67</td>
<td>4.67</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>4.67</td>
<td>4.67</td>
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</tbody>
</table>

### Total Margin
Operating income plus non-operating income expressed as a percentage of revenue FY13-FY18 are projections

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Proforma</th>
<th>Actual (thru FY12) / Budget or LFRP</th>
<th>ILP minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>3.9%</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>4.3%</td>
<td>7.1%</td>
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<td>FY12</td>
<td>4.1%</td>
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<tr>
<td>FY13</td>
<td>2.0%</td>
<td>2.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>FY14</td>
<td>3.4%</td>
<td>3.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>FY15</td>
<td>3.2%</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>FY16</td>
<td>3.9%</td>
<td>3.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>FY17</td>
<td>3.1%</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>3.6%</td>
<td>3.6%</td>
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</table>

### Days Cash On Hand
Unrestricted cash divided by daily operating expenses; current ILP minimum is 75 days FY13-FY18 are projections

<table>
<thead>
<tr>
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<th>ILP minimum</th>
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<td>FY17</td>
<td>122</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>122</td>
<td>122</td>
<td></td>
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</tbody>
</table>
Summary

- Required School of Medicine (SoM) support for South Lake Union Phases 1 and 2 is higher than proforma projections in fiscal years 2010 to 2012 due to research density lagging proforma projections.
- SoM had sufficient reserves and overall operating budget to fund additional required support in fiscal year 2012. The SoM required support is $1.75M over the FY12 proforma budget which represents 0.15% of SoM FY12 revenue base and 0.6% of SoM UW reserves at the end of FY12.
- Fiscal year 2012 projected federal research to be 90% of total SLU research, actual results were 83%. Non-federal research was higher than projected.
- SoM has opportunity to increase research density at South Lake Union with ongoing recruitments.
- Greater research space capacity at SLU has allowed SoM to successfully expand research activity at other locations as well.
- SoM has received its substantial completion and occupancy certificate for Phase 3.1 as of February 13, 2013 and is on schedule to fully occupy the facility by June 30, 2013.

Risks and Mitigations

- Potential federal research funding cutbacks from debt reduction efforts including the impact from the sequester which went into effect March 1, 2013.
- Potential shift from federal research to non-federal research at South Lake Union which could result in lower indirect cost recovery.
- UW remains highly competitive both for reallocated federal research funding and recruiting faculty with federal research funding.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Annual Investment Program Update

This item is for information only.

Attachment
Investment Program Update, A Report to the Board of Regents, May 9, 2013
Investment Program Update

A Report to the Board of Regents
May 9, 2013

Treasury Office
University of Washington
# Investment Program Update

*A Report to the Board of Regents*

*May 9, 2013*

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</tr>
<tr>
<td>IF Returns and Risk</td>
<td>25</td>
</tr>
</tbody>
</table>
• The Consolidated Endowment Fund (CEF) and Invested Funds (IF) are reviewed annually with the Board of Regents. Historically, changes to the asset allocation policy have been presented to the Board for approval every two to five years and reflect the continuing evolution of the investment program and the capital markets.

• The proposed changes (in red) to the CEF policy asset allocation are summarized below:

<table>
<thead>
<tr>
<th>Investment Strategy</th>
<th>Current</th>
<th>Proposed</th>
<th>Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>17%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>36%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Private Equity</td>
<td></td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>11%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Opportunistic</td>
<td>6%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Appreciation Fund</strong></td>
<td><strong>70%</strong></td>
<td><strong>55%–85%</strong></td>
<td>*</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>15%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Preservation Fund</strong></td>
<td><strong>30%</strong></td>
<td><strong>15%–45%</strong></td>
<td>*</td>
</tr>
</tbody>
</table>

• Over the next 5–7 years, UWINCO, the UW investment team and other market participants anticipate a low return environment. Their forecasts, of 6.5% to 7.0% on average for a diversified fund with the CEF’s asset allocation, are in line with the endowment spending requirement of 5%. This allows an additional cushion of 1.5% to 2.0% for inflation in order to maintain program support at current levels.

• Proposed changes to the Invested Funds include the addition of diversifying investments beyond the CEF in the renamed Diversified Investment Pool (formerly the “CEF Pool”). The Regents’ authority to approve interfund loans to the CEF is clearly delineated in policy.

• CEF and IF performance was solid in calendar year 2012 at 12.2% and 4.4%, respectively. Longer term performance shows continuing improvement.
Roles and Responsibilities
Investment Program Overview

The Board of Regents of the University of Washington is vested by statute with responsibility for the management of the properties of the University, including the Consolidated Endowment Fund (CEF) and other University funds.

Investment program oversight resides with the Finance, Audit and Facilities Committee (FAF), a committee of the Board of Regents. In May 2001, the Board approved the establishment of an advisory committee, the University of Washington Investment Committee (UWINCO), consisting of 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.

Source: Statement of Investment Objectives and Policy for the Consolidated Endowment Fund
Governance of the investment program is defined around clearly established roles and responsibilities.

<table>
<thead>
<tr>
<th>Board of Regents</th>
<th>Investment Committee (UWINCO)</th>
<th>Chief Investment Officer (CIO)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sets Investment Policy</strong></td>
<td><strong>Advises CIO</strong></td>
<td><strong>Implements Investment Program</strong></td>
</tr>
<tr>
<td>• Spending rate</td>
<td>• Investment planning</td>
<td>• Day-to-day management</td>
</tr>
<tr>
<td>• Strategic asset allocation</td>
<td>• Asset allocation</td>
<td>• Tactical asset allocation</td>
</tr>
<tr>
<td>• Delegations</td>
<td>• Manager identification</td>
<td>• Manager appointments</td>
</tr>
<tr>
<td><strong>Appoints Investment Officer/Advisors</strong></td>
<td><strong>Advises the Board of Regents</strong></td>
<td>• Manager terminations</td>
</tr>
<tr>
<td>• Chief Investment Officer (CIO)</td>
<td>• Investment program oversight</td>
<td>• Risk management</td>
</tr>
<tr>
<td>• UWINCO members</td>
<td>• CIO oversight</td>
<td>• Research</td>
</tr>
<tr>
<td>• Investment consultants</td>
<td></td>
<td><strong>Monitors Results</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance reporting</td>
</tr>
<tr>
<td><strong>Reviews Program</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Program oversight/accountability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Capital Markets
Global Capital Market Composition

$123.8 Trillion as of December 31, 2012

Over the last 8 years, global capital markets shifted from 62% domestic/38% international to nearly the reverse.

Sources:

**Public Equity**: S&P/Citigroup Broad Global Index

**Private Equity**: Cambridge Associates Venture Capital and Private Equity Universe

**Fixed Income**: Merrill Lynch Global Bond Indices, Goldman Sachs Convertible Market Statistics, Ed Altman NYU Salomon Center

**Real Assets**: CBRE Investor Global Investable Universe, Goldman Sachs Commodity Index (Production Value)

Note: does not include currency or derivatives
Historical 10-Year Treasury Yields

Historically low interest rates present risk of owning longer maturity US Treasuries.

Sources: Goldman Sachs & JP Morgan
Although S&P cumulative nominal returns generally trend upwards over time, real returns (adjusted for inflation) have been negative since 2000.

Source: Bloomberg
Consolidated Endowment Fund
Profile and Positioning
Consolidated Endowment Fund (CEF) Profile

**Description:** A permanent fund established through private gift funds to support the program specified by the donor.

**Size:** $2.2 billion at December 31, 2012 including $0.4 billion of operating funds.

**Composition:** Over 3,900 individual endowments which are comingled 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 distributions.
CEF Characteristics
as of December 31, 2012 ( $=M)

Budget constraints highlight the funding importance of the endowment. In FY 2012, the endowment distributed $85 million. With the addition of other investment returns disbursed to campus units and central administration, the total distributed was $110 million—the equivalent of half of state funding for UW in FY 2012.
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.
CEF Portfolio Positioning
As of December 31, 2012

Current tactical positioning favors Capital Appreciation, led by public equities.

<table>
<thead>
<tr>
<th>Current Asset Allocation ($ = millions)</th>
<th>Policy Target</th>
<th>Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>$433</td>
<td>20%</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>$939</td>
<td>42%</td>
</tr>
<tr>
<td>US Public</td>
<td>$377</td>
<td>17%</td>
</tr>
<tr>
<td>International Public</td>
<td>$312</td>
<td>14%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>$251</td>
<td>11%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>$164</td>
<td>7%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>$87</td>
<td>4%</td>
</tr>
<tr>
<td>Capital Appreciation 1</td>
<td>$1,623</td>
<td>73%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>$391</td>
<td>18%</td>
</tr>
<tr>
<td>Fixed Income 2</td>
<td>$212</td>
<td>9%</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>$603</td>
<td>27%</td>
</tr>
<tr>
<td>Total CEF 3</td>
<td>$2,226</td>
<td>100%</td>
</tr>
</tbody>
</table>

1 At 12/31/12 Int’l exposure: 32%, foreign currency exposure: 34%.
2 Includes 23% current exposure to private equity investment and 9% uncalled capital commitment.
3 Allocation to cash is included in Fixed Income.
Spending and Inflation

Total Nominal Return* Required to Meet the Long-Term Spending Target

<table>
<thead>
<tr>
<th>Endowment Distributions</th>
<th>4.0%</th>
<th>Long-Term Policy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement Office</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Investment Office</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Expected Inflation</td>
<td>3.0%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Distribution Rate plus Administrative Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0%</td>
</tr>
<tr>
<td>1.0%</td>
</tr>
<tr>
<td>2.0%</td>
</tr>
<tr>
<td>3.0%</td>
</tr>
<tr>
<td>4.0%</td>
</tr>
<tr>
<td>5.0%</td>
</tr>
<tr>
<td>6.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>8.0%</td>
</tr>
</tbody>
</table>

Long-Term spending plus inflation rate estimate.

Program distributions, administrative fees and inflation are critical factors in defining a sustainable level of program support.
## Capital Markets Forecast

### Five to Seven Year Capital Market Forecasts

<table>
<thead>
<tr>
<th>Asset Class/ Fund</th>
<th>University of Washington</th>
<th>Investment Managers &amp; Banks</th>
<th>Market Consultants</th>
<th>Historical Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Public Equity</td>
<td>7.0</td>
<td>6.8</td>
<td>7.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Emerging Equity</td>
<td>10.0</td>
<td>8.6</td>
<td>8.9</td>
<td>12.7</td>
</tr>
<tr>
<td>Private Equity</td>
<td>9.0</td>
<td>9.9</td>
<td>9.1</td>
<td>13.4</td>
</tr>
<tr>
<td>Real Assets</td>
<td>6.9</td>
<td>6.0</td>
<td>5.4</td>
<td>10.7</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>6.0</td>
<td>5.3</td>
<td>4.3</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Capital Appreciation Fund</strong></td>
<td><strong>8.1</strong></td>
<td><strong>7.8</strong></td>
<td><strong>7.8</strong></td>
<td><strong>11.2</strong></td>
</tr>
<tr>
<td>Absolute Return</td>
<td>5.0</td>
<td>5.4</td>
<td>5.8</td>
<td>10.2</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>1.5</td>
<td>2.1</td>
<td>2.4</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Capital Preservation Fund</strong></td>
<td><strong>3.7</strong></td>
<td><strong>4.2</strong></td>
<td><strong>4.6</strong></td>
<td><strong>8.5</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.8</strong></td>
<td><strong>6.7</strong></td>
<td><strong>6.8</strong></td>
<td><strong>10.4</strong></td>
</tr>
</tbody>
</table>

1 Composite returns are calculated using the 2013 proposed CEF asset allocation.

2 Historical returns represent the longest time series available for each asset class.

A lower return environment is forecast over the next 5–7 years compared with historical returns.
## CEF Proposed Policy Asset Allocation and Impact

### Proposed Policy Target

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>2010 Policy Target</th>
<th>2013 Proposed Policy Target</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>17%</td>
<td>17%</td>
<td>—</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>24%</td>
<td>28%</td>
<td>+4%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>12%</td>
<td>15%</td>
<td>+3%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>11%</td>
<td>7%</td>
<td>-4%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>6%</td>
<td>3%</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Capital Appreciation (range 55%–85%)</strong></td>
<td>70%</td>
<td>70%</td>
<td>—</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>15%</td>
<td>19%</td>
<td>+4%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>11%</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Capital Preservation (range 15%–45%)</strong></td>
<td>30%</td>
<td>30%</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total Consolidated Fund</strong></td>
<td>100%</td>
<td>100%</td>
<td>—</td>
</tr>
</tbody>
</table>

### Projected Impact of Proposed Policy Target

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>2010 Policy Target</th>
<th>2013 Proposed Policy Target</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>6.6%</td>
<td>6.8%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Volatility</td>
<td>12.2%</td>
<td>12.9%</td>
<td>+0.7%</td>
</tr>
<tr>
<td>CVaR</td>
<td>-18.2%</td>
<td>-19.5%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Liability-linked Risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spending Risk</td>
<td>49%</td>
<td>48%</td>
<td>-1%</td>
</tr>
<tr>
<td>Impairment Risk</td>
<td>32%</td>
<td>30%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

The proposed CEF policy portfolio balances a slightly higher projected return and short-term volatility, while managing downside risk longer term.
CEF Projected Returns and Risk

Mean Return vs. Volatility Efficient Frontier

UW asset allocation analysis projects returns of nearly 7% per year over the next five to seven years. Increasing prospective returns would require taking significantly more equity risk.
An endowed institution balances the competing demands of current and future generations. 2010 policy changes to spending and asset allocation reduced the probability of impairment risk by nearly half.

<table>
<thead>
<tr>
<th>Spending Level</th>
<th>Impairment Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5%</td>
<td>62%</td>
</tr>
<tr>
<td>6.0%</td>
<td>51%</td>
</tr>
<tr>
<td>5.5%</td>
<td>40%</td>
</tr>
<tr>
<td>5.0%</td>
<td>30%</td>
</tr>
<tr>
<td>4.5%</td>
<td>21%</td>
</tr>
<tr>
<td>4.0%</td>
<td>14%</td>
</tr>
<tr>
<td>3.5%</td>
<td>9%</td>
</tr>
<tr>
<td>3.0%</td>
<td>6%</td>
</tr>
</tbody>
</table>

The spending level includes distributions to endowed programs and administrative fees. Impairment risk is the probability of a real drop in endowment value over a fifty year period.
Consolidated Endowment Fund
Investment Performance
# CEF Activity

*As of December 31, 2012 ($=M)*

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$2,035</td>
<td>$1,840</td>
<td>$945</td>
<td>$332</td>
</tr>
<tr>
<td>Gifts</td>
<td>53</td>
<td>184</td>
<td>681</td>
<td>976</td>
</tr>
<tr>
<td>Transfers</td>
<td>5</td>
<td>18</td>
<td>89</td>
<td>142</td>
</tr>
<tr>
<td>Operating Funds Purchases</td>
<td>1</td>
<td>56</td>
<td>209</td>
<td>209</td>
</tr>
<tr>
<td><strong>Total Additions</strong></td>
<td>$59</td>
<td>$257</td>
<td>$979</td>
<td>$1,327</td>
</tr>
<tr>
<td>Net Investment Return</td>
<td>$240</td>
<td>$424</td>
<td>$1,218</td>
<td>$1,755</td>
</tr>
<tr>
<td>Distributions</td>
<td>(86)</td>
<td>(234)</td>
<td>(745)</td>
<td>(989)</td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>(4)</td>
<td>(12)</td>
<td>(34)</td>
<td>(48)</td>
</tr>
<tr>
<td>Advancement Support</td>
<td>(17)</td>
<td>(49)</td>
<td>(137)</td>
<td>(152)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>$2,226</td>
<td>$2,226</td>
<td>$2,226</td>
<td>$2,226</td>
</tr>
</tbody>
</table>

CEF investment returns support endowment distributions, program management, and Advancement funding while generating overall CEF growth.
Contributors of Endowment Growth
As of December 31, 2012

- **Baseline (Assumptions)**
  - CEF passively invested 70% MSCI ACWI and 30% U.S. Government bonds
  - 25% of actual gift activity
  - No administrative fees to advancement or investments
  - $0.9 billion CEF ending market value

- **Add: Gift Activity (Assumptions)**
  - CEF passively invested 70% MSCI ACWI and 30% U.S. Government bonds
  - 100% of actual gift activity, invested passively
  - 80 bp administrative fee to advancement
  - $1.5 billion CEF ending market value

- **Add: Active Management (Assumptions)**
  - CEF actively managed with actual results shown
  - 100% of actual gift activity
  - 80 bp administrative fee to advancement & 20 bp administrative fee to investments
  - $2.2 billion CEF ending market value

Successful fundraising efforts coupled with an active approach to investment management resulted in significant growth in the CEF over the past 15 years.
## CEF Returns and Risk

*As of December 31, 2012*

### RETURN

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CEF Return</td>
<td>12.2%</td>
<td>7.3%</td>
<td>8.3%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Policy Benchmark</td>
<td>11.7%</td>
<td>7.9%</td>
<td>8.4%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Passive Benchmark</td>
<td>12.4%</td>
<td>7.1%</td>
<td>7.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Peer Quartile Ranking</td>
<td>1st</td>
<td>3rd</td>
<td>2nd</td>
<td>2nd</td>
</tr>
</tbody>
</table>

**Return Contribution ($M)**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF</td>
<td>$240</td>
<td>$424</td>
<td>$1,218</td>
</tr>
<tr>
<td>Policy Benchmark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### RISK

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Sharpe Ratio</td>
<td>2.1</td>
<td>1.0</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Policy Benchmark Sharpe Ratio</td>
<td>1.8</td>
<td>0.9</td>
<td>0.8</td>
<td>0.6</td>
</tr>
</tbody>
</table>

---

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 with endowments 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.
Emerging Markets’ strategies drove CEF performance over the past ten years.

For Calendar Years Ending December 31

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>51.8%</td>
<td>31.6%</td>
<td>0.0%</td>
<td>12.5%</td>
<td>21.0%</td>
<td>3.1%</td>
<td>10.0%</td>
<td>-22.9%</td>
<td>-21.0%</td>
<td>2.2%</td>
<td>15.3%</td>
<td>15.2%</td>
<td>13.5%</td>
<td>15.2%</td>
</tr>
<tr>
<td>2004</td>
<td>22.0%</td>
<td>20.5%</td>
<td>3.4%</td>
<td>14.9%</td>
<td>10.0%</td>
<td>4.9%</td>
<td>5.8%</td>
<td>16.2%</td>
<td>24.2%</td>
<td>1.6%</td>
<td>5.8%</td>
<td>13.5%</td>
<td>19.8%</td>
<td>15.3%</td>
</tr>
<tr>
<td>2005</td>
<td>30.7%</td>
<td>26.0%</td>
<td>5.8%</td>
<td>19.8%</td>
<td>21.4%</td>
<td>8.9%</td>
<td>9.0%</td>
<td>16.6%</td>
<td>24.2%</td>
<td>1.5%</td>
<td>9.0%</td>
<td>19.8%</td>
<td>17.4%</td>
<td>15.2%</td>
</tr>
<tr>
<td>2006</td>
<td>36.0%</td>
<td>17.4%</td>
<td>8.9%</td>
<td>18.7%</td>
<td>16.2%</td>
<td>-52.0%</td>
<td>9.0%</td>
<td>-22.9%</td>
<td>-21.0%</td>
<td>-0.6%</td>
<td>9.0%</td>
<td>17.4%</td>
<td>28.8%</td>
<td>-21.0%</td>
</tr>
<tr>
<td>2007</td>
<td>57.4%</td>
<td>-4.4%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>-13.2%</td>
<td>-15.3%</td>
<td>0.1%</td>
<td>-13.2%</td>
<td>-15.3%</td>
<td>1.4%</td>
<td>0.1%</td>
<td>28.8%</td>
<td>-9.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>2008</td>
<td>-2.9%</td>
<td>25.9%</td>
<td>-15.3%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>18.9%</td>
<td>25.9%</td>
<td>18.9%</td>
<td>18.9%</td>
</tr>
<tr>
<td>2009</td>
<td>71.4%</td>
<td>12.9%</td>
<td>10.7%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>12.9%</td>
<td>16.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>2010</td>
<td>26.5%</td>
<td>9.4%</td>
<td>12.9%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>16.1%</td>
<td>9.4%</td>
<td>16.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>2011</td>
<td>10.7%</td>
<td>4.9%</td>
<td>-4.6%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.9%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2012</td>
<td>21.1%</td>
<td>10.1%</td>
<td>4.7%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>10.1%</td>
<td>8.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td></td>
<td>(Annualized)</td>
<td>1.4%</td>
<td>3.0%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>1.4%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

1 Opportunistic investment strategy added 7/1/2010
2 Prior to 2008 absolute return included long / short equity investments
Strong performance by UW equity managers drove CEF outperformance in 2012.
Invested Funds
Invested Funds (IF) Profile

Description: Locally generated operating and capital reserves of the University.

Size: $1.5 billion at December 31, 2012 plus $0.4 billion invested in CEF units.

Composition: Institutional funds (57%) and funds on deposit by campus departments (43%).

Financial Objective: To meet the day-to-day financial obligations of the University as they come due.

University Guarantees: Campus departments cost basis guaranteed; access to funds on demand under normal conditions.

Investment Objective: To achieve predictable, stable returns in excess of money market instruments.

Liquidity Objective: Continue strong liquidity levels to maintain flexibility and permit cost effective issuance of debt.
Invested Funds are highly liquid with CEF units providing enhanced returns. Proposed changes to the IF include the addition of diversifying investments beyond the CEF in the renamed Diversified Investment Pool (formerly the “CEF Pool”).

F–11.1/205-13
5/9/13
## IF Returns and Risk

*As of December 31, 2012*

### Return

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>20 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total IF Return including CEF units</td>
<td>4.4%</td>
<td>4.1%</td>
<td>4.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Policy Benchmark&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3.6%</td>
<td>4.1%</td>
<td>4.9%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Total IF Return excluding CEF units</td>
<td>2.0%</td>
<td>3.1%</td>
<td>3.4%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Policy Benchmark&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1.1%</td>
<td>2.7%</td>
<td>3.4%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

### CEF Return Contribution ($M)<sup>2</sup>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Return Contribution ($M)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$48</td>
<td>$85</td>
<td>$266</td>
<td>$412</td>
</tr>
</tbody>
</table>

### Market

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Three Month T-Bill</td>
<td>0.1%</td>
<td>0.1%</td>
<td>1.7%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

### Risk

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IF Sharpe Ratio&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3.11</td>
<td>2.56</td>
<td>1.11</td>
<td>1.08</td>
</tr>
<tr>
<td>Policy Benchmark Sharpe Ratio</td>
<td>2.53</td>
<td>2.26</td>
<td>1.25</td>
<td>1.07</td>
</tr>
</tbody>
</table>

<sup>1</sup> *Policy Benchmark is a blend of market indices weighted to reflect the asset allocation of the IF.*

<sup>2</sup> *Represents the cumulative dollars generated by the CEF investment return to the IF.*

<sup>3</sup> *The higher the Sharpe ratio (including CEF units), 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.*

Performance improved in recent years. Over the long term, CEF exposure in the IF improved the absolute performance of the IF by over 1% per annum. This is equivalent to a benefit of $266M over the last ten years.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve changes in the Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance.

BACKGROUND

In 1988, the Board of Regents adopted investment policies for the Consolidated Endowment Fund and the Invested Funds of the University of Washington. These were followed in 1992 with the investment policy for Deferred and Other Gift Assets and in 1997 with the investment policy for the Insurance Fund. Investment policies are reviewed on a continuing basis with periodic revisions reflecting the changing nature of the investment programs of the University. Key modifications to each investment policy are described below:

Statement of Investment Objectives and Policy for the Consolidated Endowment Fund (CEF)

Changes are proposed to the policy asset allocation. The CEF policy asset allocation is reviewed annually with UWINCO with infrequent (every 2 to 5 years) modifications presented to the Board of Regents for approval. Such changes are reflective of the continuing evolution of the investment program and the capital markets. The proposed asset allocation offers a modest improvement to the risk / return profile of the CEF. The proposed asset class targets differ from the current policy as follows:

<table>
<thead>
<tr>
<th>Strategic Asset Allocation</th>
<th>Current</th>
<th>Proposed</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>17%</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>36%</td>
<td>28%</td>
<td>7%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>15%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>11%</td>
<td>7%</td>
<td>-4%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>6%</td>
<td>3%</td>
<td>-3%</td>
</tr>
<tr>
<td>TOTAL CAPITAL APPRECIATION FUND</td>
<td>70%</td>
<td>70%</td>
<td>0%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>15%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>11%</td>
<td>-4%</td>
</tr>
<tr>
<td>TOTAL CAPITAL PRESERVATION FUND</td>
<td>30%</td>
<td>30%</td>
<td>0%</td>
</tr>
</tbody>
</table>
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance (continued p. 2)

In addition a number of “housekeeping” changes are proposed to the delegations to clarify authorities.

Statement of Investment Objectives and Policy for Invested Funds (IF)

Proposed modifications to the Invested Funds policy are described below:

- Specific reference benchmarks for the Cash and Liquidity Pools are removed from policy. A separate benchmark statement will be maintained by the Investments Office and reviewed annually by UWINCO and Cambridge Associates.

- Occasional targeted investments that fall outside the CEF may be added to improve the risk profile and/or enhance the performance of the Invested Funds. The “CEF Pool” is renamed the “Diversified Investment Pool” to reflect this added flexibility.

- The potential for interfund loans to cover CEF distributions during periods of adverse market conditions is identified in policy and requires the approval of the Board of Regents.

- Current authority to lend up to 5% of the IF to campus departments is held by the Senior Vice President. Historically, use of this authority has been infrequent. This authority is independent of interfund loan activity exercised under the authority of the Board of Regents.

- As in the CEF policy, other changes to delegations are proposed to clarify authorities or remove language no longer relevant.

Statement of Investment Objectives and Policy for Deferred and Other Gift Assets

There are no material changes in substance or delegations. Proposed changes in delegations are consistent with those for the CEF and IF described above.

Statement of Investment Objectives and Policy for Portage Bay Insurance (PBI)

There are no material changes in substance or delegations. Proposed changes in delegations are consistent with those for the CEF and IF described above.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Approve Amended Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, Invested Funds, Deferred and Other Gift Assets, and Portage Bay Insurance (continued p. 3)

REVIEW PROCESS

The policy recommendations were developed by the Chief Investment Officer in consultation (as appropriate) with the University of Washington Investment Committee (UWINCO), the Treasurer of the Board of Regents and the University’s investment consultant, Cambridge Associates.

Revisions to policy, including overall asset allocation and spending policies, will continue to require the full endorsement of the Board of Regents. Annotated copies of the investment policies are attached.

Attachments

1. DRAFT Summary – Consolidated Endowment Fund (CEF) Investment Policy
2. Statement of Investment Objectives and Policy for the Consolidated Endowment Fund (annotated)
3. Cambridge Associates Memorandum: “Thoughts on Retaining the ACWI Component of the CEF Benchmark”
4. Statement of Investment Objectives and Policy for Invested Funds (annotated)
5. Cambridge Associates Memorandum: “Invested Funds Benchmark Revision and Comment on Interest Rate Exposure”
7. Statement of Investment Objectives and Policy for Portage Bay Insurance (annotated)
Financial Objective: To provide permanent funding for endowed programs.

Spending Policy:

- **Program Distributions:** Distributions to endowed programs will be 4% of the market value of the CEF for the previous five years.
- **Administrative Fee:** Spending includes an additional 1% administrative fee.

Investment Objectives:

- **Spending Requirement (Long-Term):** To attain an average annual real total return of at least 5% over the long term. The 5% target provides for a 4% distribution to endowed programs and a 1% administrative fee. The nominal (inflation-adjusted) return requirement is 8.0% assuming the historical average inflation rate of 3.0%.
- **Policy Benchmark:** To outperform an investable blend of market indices.
- **Peer Comparison:** To meet or exceed the median return of the largest 50 colleges and universities in the Cambridge Associates Universe.

Prohibited Investments: Direct investments in tobacco companies (since 2000); and direct investments in companies doing business in Sudan (since 2006).

Investment Philosophy: Long term focus; diversification; active management; global perspective.

<table>
<thead>
<tr>
<th>Strategic Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Strategy</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
</tr>
<tr>
<td>Private Equity</td>
</tr>
<tr>
<td>Real Assets</td>
</tr>
<tr>
<td>Opportunistic</td>
</tr>
<tr>
<td>CAPITAL APPRECIATION FUND</td>
</tr>
<tr>
<td>Absolute Return</td>
</tr>
<tr>
<td>Fixed Income</td>
</tr>
<tr>
<td>CAPITAL PRESERVATION FUND</td>
</tr>
</tbody>
</table>
Risk Guidelines:

- **Review:** Monitored quarterly. Exception reporting provided in Board quarterly investment performance report.

- **Concentration:** Maximum portfolio weights. 15% in single manager (except fixed income); 25% in individual countries outside the U.S.; 30% in one market sector.

- **Liquidity:** One quarter (25%) of the CEF convertible to cash in one month or less; Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the CEF.

Capital Appreciation Fund:

- **Description:** An integrated blend of global developed and emerging markets equity, real assets and opportunistic investments such as credit. Includes both public and private investments.

- **Role:** To provide the capital growth that will enable the CEF to meet its spending requirements, while at the same time preserving the purchasing power of the CEF for future generations.

Capital Preservation Fund:

- **Description:** Absolute return investments and high quality fixed income.

- **Role:** To provide liquidity in support of spending and capital commitments, a deflation hedge and to reduce the overall volatility of the CEF.

Delegations:

- **Board of Regents:**
  1. **Sets investment policy:** Spending rate; Strategic asset allocation; Delegations
  2. **Appoints investment officers/advisors:** Chief Investment Officer; UWINCO members; Treasurer of the Board of Regents; Investment consultants (FAF)
  3. **Reviews results:** Investment program oversight / accountability

- **University of Washington Investment Committee (UWINCO):**
  1. **Advises the CIO:** Investment planning; Asset allocation; Manager identification; Market trends
  2. **Advises the Board of Regents:** Investment program oversight

- **Treasurer of the Board of Regents:**
  1. **Appoints:** Investment custodian
  2. **Executes:** Securities transactions; Investment management agreements, limited partnership agreements and other investment related documents

- **Chief Investment Officer:**
  1. **Implements the investment program:** Day to day investment program management; Tactical asset allocation; Manager appointments / terminations; Rebalancing; Risk management; Research
  2. **Monitors results:** Performance measurement, attribution, evaluation
UNIVERSITY OF WASHINGTON

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY FOR THE CONSOLIDATED ENDOWMENT FUND

Approved by Board of Regents April 15, 1988

Amended December 15, 1989; February 16, 1990; September 17, 1993; October 22, 1993; September 20, 1996; September 19, 1997; September 18, 1998; November 19, 1999; January 21, 2000; November 17, 2000; May 18, 2001; June 14, 2002; November 21, 2003; January 16, 2004; June 11, 2004; July 16, 2004; May 19, 2005; June 9, 2005; June 8, 2006; May 15, 2008; March 19, 2009; September 17, 2009; May 13, 2010; October 21, 2010; and May 9, 2013.

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, including the Consolidated Endowment Fund and other University funds. This statement of investment objectives and policies governs the investment management of the Consolidated Endowment Fund (CEF). 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, the University of Washington Investment 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. FINANCIAL OBJECTIVES

1. To provide permanent funding for endowed programs. This objective addresses the need to ensure intergenerational equity by providing the same level of program support in the future as it provides today.

2. To maintain the purchasing power of the CEF after spending and inflation. The objective of preserving purchasing power emphasizes the need to take a long-term perspective in formulating spending and investment policies.

3. To provide a predictable and stable source of income for endowed programs. This objective is achieved through the spending policy.

4. To provide a maximum level of return consistent with prudent risk levels. This objective assumes the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.

| No changes |

Statement of Investment Objectives and Policy for the Consolidated Endowment Fund
Page 1 of 11

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5/9/13

ATTACHMENT 2
B. SPENDING POLICY

1. **Program Distributions**: Distributions to endowed programs will be 4% of the average market value of the CEF for the previous five years. In this way, the CEF’s distributed income is expected to keep up with inflation and its capital value will be preserved over time.

2. **Administrative Fee**: Spending includes an additional 1% administrative fee bringing the long term spending requirement to 5% per annum.

C. INVESTMENT OBJECTIVES

1. **Spending Requirement**: Based upon the long-term spending policy, the CEF must attain an average annual real total return of 5.0% over the long term. The 5.0% target provides for a 4.0% distribution to endowed programs and a 1.0% administrative fee. Real total return is adjusted for inflation by the Consumer Price Index. Using the historical average inflation rate of 3.0% implies a nominal total return hurdle of 8.0% in order to meet the spending requirement.

2. **Policy Benchmark**: The investment performance of the CEF will also be evaluated, on a risk-adjusted basis, against an investable blend of market indices. Over the long term the CEF’s diversification is expected to generate risk-adjusted returns that meet or exceed those of blended market indices. This comparison is useful in evaluating how successfully the underlying strategies have been implemented and the effectiveness of tactical departures from the strategic asset allocation.

3. The investment performance of the CEF will also be evaluated against a secondary policy benchmark consisting of a 70% equity and 30% bond blend of market indices. This comparison is useful in evaluating the effectiveness of an active management program versus a passive management approach.

4. **Peer Comparison**: Over the long term the CEF is expected to achieve returns which are at least comparable to the median return of the largest 50 colleges and universities in the Cambridge Associates Universe.

5. It is recognized that the investment objectives stated above may be difficult to attain over every five-year period, but should be attainable over a series of five and ten year periods.

D. ETHICAL CONSIDERATIONS

1. While fiscal goals are of central importance, due consideration shall be given to the degree of corporate responsibility exercised by the companies in which investments are made.

2. Direct investment in companies doing business in Sudan whose business activities support the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur is prohibited.
3. Direct investment in tobacco companies is prohibited.

<table>
<thead>
<tr>
<th>3. Direct investment in tobacco companies is prohibited.</th>
</tr>
</thead>
</table>

### E. INVESTMENT PHILOSOPHY

The investment of the CEF is based on a set of beliefs and practices:

<table>
<thead>
<tr>
<th>1. Invest for the long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Preserve capital for use by future generations</td>
</tr>
<tr>
<td>b. Focus on asset allocation as the primary determinant of return</td>
</tr>
<tr>
<td>c. Avoid short-term speculative activity</td>
</tr>
<tr>
<td>d. Accept illiquidity if justified by higher alpha</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Build a well-diversified portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Limit risk by combining uncorrelated strategies</td>
</tr>
<tr>
<td>b. Maintain meaningful exposure to major capital markets</td>
</tr>
<tr>
<td>c. Build concentrated positions where conviction is high</td>
</tr>
<tr>
<td>d. Tilt towards value strategies</td>
</tr>
<tr>
<td>e. Employ fundamental research-driven and bottom-up strategies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Take advantage of global market inefficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Invest primarily with active managers</td>
</tr>
<tr>
<td>b. Use indexed and enhanced indexed strategies where appropriate</td>
</tr>
<tr>
<td>c. Incorporate investment ideas sourced through internal proprietary research</td>
</tr>
<tr>
<td>d. Focus resources on inefficient markets (e.g., venture capital, hedge funds, emerging markets)</td>
</tr>
<tr>
<td>e. Manage portfolio exposures actively in response to changing market conditions</td>
</tr>
</tbody>
</table>

### F. INVESTMENT MANAGEMENT STRUCTURE

1. The CEF is invested primarily by external investment managers. External investment management firms are selected on the basis of factors including, but not limited to the following:

<table>
<thead>
<tr>
<th>1. The CEF is invested primarily by external investment managers. External investment management firms are selected on the basis of factors including, but not limited to the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Experience of key personnel and succession plan where appropriate</td>
</tr>
<tr>
<td>b. Consistency in investment approach</td>
</tr>
<tr>
<td>c. Effectiveness of decision making process</td>
</tr>
<tr>
<td>d. Assets under management and plans for managing future capacity</td>
</tr>
<tr>
<td>e. Organizational structure including administration, back office support,</td>
</tr>
</tbody>
</table>

---

No changes
risk management and reporting
f. Performance record
g. Fees
h. Firm’s ethical and financial viability
i. Structural fit within the CEF

2. The CEF may also be invested internally in public equities and bonds through cash market securities or derivative instruments.

3. Equities, (including public and private global equity) real assets, absolute return and bonds will primarily be managed separately. In the interest of diversification, the equity portion of the portfolio will be placed with managers who have distinct and different investment philosophies. The investment managers have the discretion to manage the assets in their individual portfolios to best achieve the investment objectives and requirements set forth in this policy statement and in their individual investment guidelines.

G. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

1. To achieve its investment objective, the CEF will be divided into two distinct Funds: a “Capital Appreciation Fund” and a “Capital Preservation Fund.” Sub-categories of these Funds each with its own target are also specified. The purpose of dividing the Portfolio in this manner is to ensure that the overall asset allocation among and within the two Funds remains under the regular scrutiny of the Finance, Audit and Facilities Committee and UWINCO. Over the long run, the allocation between and within the Funds may be the single most important determinant of the CEF’s investment performance.

2. **Role - Capital Appreciation Fund:** The purpose of the Capital Appreciation Fund is to provide the capital growth that will enable the CEF to meet its spending requirements, while at the same time preserving the purchasing power of the CEF for future generations. The Fund itself is an integrated blend of global developed and emerging markets equity, real assets and opportunistic investments such as credit. It is recognized that the Capital Appreciation Fund entails the assumption of greater market variability and risk.

3. **Role - Capital Preservation Fund:** The purpose of the Capital Preservation Fund is to provide liquidity in support of spending and capital commitments; a deflation hedge; and to reduce the overall volatility of the CEF. Two broad strategies are employed in the Capital Preservation Fund – absolute return and fixed income investments.

4. The policy portfolio is structured using long-term targets and ranges. The target asset allocation reflects the long-term risk and return objective of the CEF and establishes a normative allocation against which shorter-term asset allocation decisions can be gauged. Ranges allow for tactical shifts among asset classes in response to the changing dynamics in capital markets. Wider ranges facilitate rebalancing and the active management of risk at the total portfolio level.
## STRATEGIC ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Investment Strategy</th>
<th>Long-term Target</th>
<th>Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Proposed</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>Private Equity</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>CAPITAL APPRECIATION FUND</strong></td>
<td>70%</td>
<td>55% - 85%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>CAPITAL PRESERVATION FUND</strong></td>
<td>30%</td>
<td>15% - 45%</td>
</tr>
</tbody>
</table>

### H. RISK MANAGEMENT

1. Risk is managed primarily through diversification. The CEF will be diversified both by asset class (e.g., developed and emerging markets equities, real assets, opportunistic investments, absolute return, bonds and cash equivalents) and within asset classes (e.g., within equities by country, economic sector, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the CEF.

2. Derivatives may be used to adjust exposures within or across the portfolio in order to improve the risk / return profile of the CEF.

3. Aggregate portfolio risk is managed to minimize uncompensated, unanticipated and inappropriate risks. Both quantitative measures and qualitative judgment will be used in assessing and managing risk.
I. RISK GUIDELINES

1. The CEF will be monitored quarterly for adherence to the following risk guidelines. A breach in a guideline triggers a written notification from the CIO to the Chair of UWINCO. It is recognized that market conditions and/or illiquidity of the underlying securities may preclude an immediate rebalancing of the portfolio. Risk control exception reporting will be provided to the Board of Regents as part of its quarterly investment performance report which specifies the actions, if any, needed to bring the CEF into compliance.

2. Concentration: Maximum portfolio weights:
   a. 15% in single manager (excluding fixed income)
   b. 25% in individual countries outside the U.S.
   c. 30% in one market sector

3. Liquidity:
   a. One quarter (25%) of the CEF convertible to cash in one month or less
   b. Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the CEF

J. GUIDELINES FOR THE CAPITAL APPRECIATION FUND

1. The Capital Appreciation Fund includes the growth-oriented strategies within the portfolio which are managed in an integrated manner in order to meet the long-term spending objectives of the CEF and sustain the portfolio in perpetuity.

2. The objective for the Capital Appreciation Fund is to outperform, net of commissions and fees, a representative risk-adjusted blend of market indices which reflect the strategic asset allocation of the Capital Appreciation Fund. In addition, performance on each sub-category of the Capital Appreciation Fund will be monitored against the average return of a universe of active managers and/or fund of funds. Performance will be monitored on a regular basis and evaluated over running five and ten year periods.

3. In recognition of the increasing correlation among asset classes, the Capital Appreciation Fund represents a market oriented mix of global developed and emerging markets equity, real estate, commodities, venture capital, private equity and opportunistic investments such as credit securities.

4. The Capital Appreciation Fund will be broadly diversified by country, economic sector, industry, number of holdings, number of managers, and other investment characteristics. To achieve its investment objective, the Capital Appreciation Fund may contain a mix of actively and passively managed strategies. Direct and derivative investments, commingled funds, private limited partnerships and fund of funds may be used.

5. The real estate portion of the Capital Appreciation Fund will be diversified by property type and geography. The University will invest in public and private real estate vehicles both domestically and internationally. Emphasis will be placed on...
investments in private real estate partnerships employing value-added and opportunistic strategies. Implementation may also include direct investment in real estate. Investments in publicly traded Real Estate Investment Trusts (REITS) will be made primarily to achieve exposure to core real estate.

6. Decisions as to individual country and security selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active managers are left to broad manager discretion. The usual standards of fiduciary prudence set forth in this policy statement and in individual investment management agreements and guidelines apply.

7. If allowed under their individual investment guidelines, managers may at their discretion hold investment reserves of either cash equivalents or bonds. Derivatives may be used to manage certain exposures such as currency or market risk if so specified under individual investment manager guidelines.

K. GUIDELINES FOR THE CAPITAL PRESERVATION FUND

1. The Capital Preservation Fund includes portfolio strategies which provide liquidity to meet current spending needs and stability to protect capital in down markets.

2. The objective for the Capital Preservation Fund is to outperform, net of commissions and fees, a blend of market indices which reflect the strategic asset allocation of the Fund. Performance will be monitored on a regular basis and evaluated over running five and ten-year periods.

3. The absolute return strategy will favor investments with a low correlation to broad equity markets. Implementation will be made through direct investments, limited partnerships, or fund-of-funds.

4. The fixed income strategy may contain money market instruments, domestic and foreign government bonds and other high quality investment vehicles with risk / return characteristics consistent with the investment objectives of the Capital Preservation Fund. Derivatives may be used to manage certain exposures if so specified under individual investment manager guidelines.

5. Fixed income managers are expected to employ active management techniques, including maturity, sector and quality considerations. Implementation may also be achieved through passive indices, commingled funds, limited partnerships and fund-of-funds.

L. 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.
M. 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, Chief Investment Officer (CIO) and UWINCO will review these periodically for their continued appropriateness. It is anticipated that changes to the asset allocation targets and ranges will be made infrequently.

2. The CEF portfolios will be monitored on a continual basis for consistency in investment philosophy; return relative to objectives; and 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 and with UWINCO on a quarterly basis. Results will be evaluated over longer time frames including the inception period, running five and ten year periods, and complete market cycles.

3. The CIO will review 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.

N. 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 strategic asset allocation, performance goals, spending and delegations.
   b. Approve appointment and reappointment of Regent and non-Regent UWINCO members.
   c. Approve the UWINCO “Statement of Principles” which addresses the administrative functioning of the Investment Committee.
   d. Approve appointment of the Chief Investment Officer.
   e. Approve appointment of the Treasurer of the Board of Regents.
   f. Liquidate quasi-endowments. These funds represent assets donated to the University which have been accepted by the Board of Regents or its administrative designee as “quasi-endowments.” The decision to place the assets in a quasi-endowment is based on administrative recommendation and can therefore be reversed. Full or partial liquidation of quasi-endowments valued at $1 million or higher requires action by the full Board of Regents. Full or partial liquidation of quasi-
endowments valued at less than $1 million is delegated to the Finance, Audit and Facilities Committee of the Board of Regents. Endowments governed by an agreement that allows withdrawals under specific terms and conditions are exempt from this requirement.

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 in situations where the CIO and the UWINCO Chair are 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. Recommend endowment spending policy changes to the Board for approval. It is anticipated that such changes will be infrequent.
   d. 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. Administer internal fees for management and administrative activities related to the endowment.
   b. Approve use of professional staff bonus pool.
   c. Assume supervisory responsibility for the CIO position.
   d. Approve investment custodian appointment(s).
   e. 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.

Certain delegations removed from the SVP and restored to the Treasurer of the Board of Regents.
f. 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.

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. Approve tactical moves relative to long-term policy targets when warranted by market conditions or risk considerations. The deliberate decision to overweight or underweight a strategy relative to its policy target is made in consultation with UWINCO, the University’s investment consultant(s) and the Senior Vice President.
   c. 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.
   d. Appoint new investment managers, follow-on investments with existing managers and direct investments. Approved investments shall fall within the policy guidelines adopted by the Board of Regents.
   e. 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.
   f. Approve individual investment manager guidelines.
   g. Monitor individual investment managers on a regular basis to ensure that performance and compliance expectations are met.
   h. Monitor aggregate portfolio risk regularly to insure that the long-term purchasing power of the CEF is preserved.

Re. N.6.c. The Board-delegated authority to execute securities transactions in the day-to-day management of the investment program has historically been handled through a Board resolution. The addition of Paragraph N.6.c adds this delegation in policy. Note that this addition does not eliminate the Board resolution but rather insures consistency across the Board documents.
i. 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.

j. Approve appropriate usage and timing of leveraged strategies within the CEF.

k. Terminate investment managers, including the authority to liquidate limited partnership interests or to reduce strategy exposures through other means. The Chair of the Finance, Audit and Facilities Committee and the Chair of UWINCO will be notified. This authority is typically exercised due to performance concerns, organizational changes, or structural considerations within the UW investment portfolio.

l. Take action as appropriate in support of shareholder resolutions related to human rights violations in Burma.

Portfolio activity – additions and terminations reported regularly to UWINCO and the Chair of the F&AC, See Paragraph M.3
Memorandum

To: V’Ella Warren  
University of Washington Investment Staff

From: Max Senter

Date: March 20, 2013

Re: Thoughts on Retaining the ACWI Component of the CEF Benchmark

The University has been using the MSCI All-Country World Index (ACWI) to benchmark the public market component of the CEF for several years. The last time that UWINCO revisited this benchmark decision was around June 2010, at which time they reconfirmed ACWI as the benchmark and at the same time approved a strategic target to Emerging Markets equity of 17%. This strategic difference between ACWI and the component weights has contributed to the tracking variability of the CEF to the total benchmark ever since.

Staff has recently had conversations with Cambridge Associates as well as with most, if not all, UWINCO members. Feedback has been supportive of retaining the ACWI component because of its simplicity and its accurate depiction of the opportunity set for public markets. Feedback has also been that the benchmarks themselves should be modified only occasionally and generally because of shifts in investment policy or because of an obvious deficiency in the benchmark itself (the Real Asset benchmark being an example).

I acknowledge the difficulty that arises in messaging to non-Regent constituents regarding tracking variability, particularly negative variability. Ease of discussion with the constituents is a reason to consider re-benchmarking. I defer to you and others at the University in determining the importance of messaging in setting the benchmark. UWINCO understands the investment strategies that give rise to the variability, yet they may not fully appreciate the importance of discussing performance with others.

Another issue to consider in modifying the benchmark is whether doing so will affect the investment strategy. My impression is that in this case it will not, as the allocation to Emerging Markets is viewed in a secular context. Still, changing the benchmark may affect the incentive compensation, though the direction will be determined by the markets.
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; and May 9, 2013

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.

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.

No changes
C. PORTFOLIO COMPOSITION AND POOL ALLOCATION

1. The IF shall be divided into three pools:

<table>
<thead>
<tr>
<th>Pool Allocation</th>
<th>Target</th>
<th>Policy Range</th>
<th>Global Range Within Each Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool (2,4,5,6)</td>
<td>20%</td>
<td>10-40%</td>
<td>0-40%</td>
</tr>
<tr>
<td>Liquidity Pool (3,4,5,6)</td>
<td>50%</td>
<td>30-60%</td>
<td>0-25%</td>
</tr>
<tr>
<td>CEF Pool (6,7)</td>
<td>30%</td>
<td>15-40%</td>
<td>---------</td>
</tr>
</tbody>
</table>

*Diversified Investment Pool (DIP)*

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. Pool performance will be evaluated against the domestic benchmarks specified in Paragraph D.

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. Pool performance will be evaluated against the domestic benchmarks specified in Paragraph D.

6. Direct investments in tobacco companies are prohibited.

7. The CEF 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 subject to the provisions contained in the “Statement of Investment Objectives and Policy for the Consolidated Endowment Fund.”
D. GUIDELINES FOR THE INVESTMENT POOLS

1. The objective of the Cash Pool will be to meet the day-to-day obligations of the University. The Cash Pool performance objective is to outperform, net of commissions and fees, the Citigroup Two-Year Treasury Index on a risk-adjusted basis. Performance will be monitored on a regular basis and evaluated over rolling three to five year periods.

2. The objective of the Liquidity Pool will be to provide a liquid source of funds in the event the Cash Pool is insufficient to meet the University’s cash needs. The Liquidity Pool performance objective is to outperform, net of commissions and fees, the Barclays Capital US Government Intermediate Bond Index on a risk-adjusted basis. Performance will be monitored on a regular basis and evaluated over rolling three to five year periods.

3. The objective of the CEF Diversified Investment Pool will be 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 CEF Pool 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 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.

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.

References to specific benchmarks are removed from policy – consistent with other Board approved policy statements. A separate IF benchmark statement is maintained by the Investments Office. These are reviewed by Cambridge Associates and UWINCO annually.

No changes
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 portfolios 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.

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.
   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. 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 interfund loan activity that may be exercised under the authority of the Board. (See Paragraph G.1.c) No more than five percent of the IF will be loaned without consultation with the Finance, Audit and Facilities Committee.
   b. Approve the use of the CEF Pool as an alternative investment vehicle for qualifying campus units. Generally, a minimum of $10 million in IF balances and an investment time horizon of at least three years will be required for consideration.
   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.
f. Approve investment custodian appointment(s).
g. 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 Board of Regents.
h. 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.

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. The Chair of the Finance, Audit and Facilities Committee and the Chair of UWINCO will be notified. 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.
MEMORANDUM

To: UWINCO
   V' Ella Warren
   University of Washington Investment Staff

From: Max Senter

Date: March 25, 2013

Re: Invested Funds Benchmark Revision and Comment on Interest Rate Exposure

Overview

Cambridge Associates has reviewed the composite Invested Funds benchmark and the revisions that are being proposed by staff. The proposed revisions are reasonable given the planned use of non-CEF assets within the newly named Diversified Investment Pool (DIP). The current composite benchmark for the Invested Funds is:

<table>
<thead>
<tr>
<th>Pool</th>
<th>Percentage</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool</td>
<td>20%</td>
<td>Citigroup 2 year Treasury Index</td>
</tr>
<tr>
<td>Liquidity Pool</td>
<td>50%</td>
<td>Barclays Capital US Government Intermediate Bond Index</td>
</tr>
<tr>
<td>CEF Pool</td>
<td>30%</td>
<td>CEF Benchmark</td>
</tr>
</tbody>
</table>

The proposed benchmark is:

<table>
<thead>
<tr>
<th>Pool</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool</td>
<td>Citigroup 2 year Treasury Index</td>
</tr>
<tr>
<td>Liquidity Pools</td>
<td>Barclays Capital US Government Intermediate Bond Index</td>
</tr>
<tr>
<td>Diversified Investment Pool</td>
<td>70% MSCI All-Country World Index, 30% BC Government Bond Index</td>
</tr>
</tbody>
</table>

The weight of the DIP in the composite benchmark is targeted at 30% but would actually vary with the percent invested in the DIP, subject to a cap of 40% and a floor of 15% of the total Invested Funds. Likewise, the benchmarks for the Cash and Liquidity Pools will be weighted according to the actual allocations to them.

Separately staff is considering reducing the interest rate exposure of the combined Cash and Liquidity Pools by working directly with the managers within those pools. We support this consideration given the historic low level of interest rates and Cambridge’s view that fixed income is ‘over-valued.’
Consolidated Endowment Funds/Diversified Investment Pool Benchmark

Staff is proposing renaming the CEF Pool of the IF to the Diversified Investment Pool (DIP). Staff may explore the use of non-CEF investments in the DIP, but currently suggests that the CEF investment will remain the predominant portion of the DIP going forward. The discussion of how the DIP is implemented, however, is outside of the scope of this memorandum.

The Invested Funds have had an allocation to the CEF for decades. Our understanding is that the amount allocated to the CEF is limited to non-endowed gift funds. Further, the non-endowed gift portion of the IF has been variable and, of late, shrinking and now constitutes about 25% of the Fund.

The staff is suggesting a simple stock/bond benchmark for the DIP to reflect that the Pool may not exclusively be invested in the CEF going forward. Many institutions have adopted simple benchmarks for investment funds (not limited to invested or operating funds) in recognition of the complexity of using composite benchmarks. The use of simple benchmarks will likely create higher tracking variability due to the composition of the CEF, but that may be mitigated based on non-CEF equity investments within the DIP. As we have discussed with the CEF, the Investment Staff will need to effectively communicate the drivers of tracking variability.

Comment on Interest Rate Exposure of Cash and Liquidity Pools

The current interest rate risk of the Cash and Liquidity Pools’ benchmarks, as measured by ‘modified duration,’ are approximately -1.99 and -3.62 years, respectively. The market value of these pools will vary inversely with interest rate movements. As interest rates fall, the value of the funds should rise, and as rates rise the values should fall. Modified duration is a fairly accurate measure of the sensitivity of these pools’ values to changes in interest rates. As interest rates rise by 1%, the value of the Cash Pool should fall by approximately 1.99% (1% x -1.99), and the value of the Liquidity Pool should fall by about 3.62% (1% x -3.62). The two benchmarks weighted average modified duration is currently -3.15.

The long-term returns of the weighted benchmarks have been 3.78% (AACR) over the past 10 years and 5.05% over the past 20 years. Consequently, the interest rate exposure has served the University relatively well. The current yield-to-maturity of the weighted benchmark is .55%. Absolute yields are historically low and Cambridge Associates’ Investment Strategy Research considers high quality US fixed income to be ‘Very Over-Valued.’ The Cambridge view is that interest rate risk is now asymmetric toward higher interest rates (and lower Pool values). Anecdotally we are seeing other colleges and universities managing to shorter durations across both endowment and operating pools.

Notwithstanding our view on interest rates, the actual implementation of interest rate exposure is outside of the scope of this memorandum. Should the University decide to reduce duration in order to mitigate absolute risk doing so will also result in higher tracking variability relative to the composite benchmark.
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. The Board also acts as trustee for deferred gifts, including annuities and trusts. This statement of objectives and policies governs the investment management of deferred gift assets (including trusts and annuities) and other non-consolidated gift assets (including real estate, debt instruments secured by real estate, closely held stock, and partnership interests). 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 its deferred gift investment program within the general principals enumerated herein. The Committee has the authority to further delegate responsibility for management/monitoring of these investments.

A. TYPES OF GIFTS

Deferred gift assets are available for investment when a donor transfers cash or assets to the University of Washington and obtains, in exchange, a life income based on the value of donated assets. The forms in which gifts may currently be established include: charitable gift annuity (no trust), charitable remainder unitrust, charitable remainder annuity trust, pooled income fund (pooled trust), and charitable lead trust. Each deferred gift plan has a signed standard agreement which specifies the type of plan, amount of the income payments, purpose and use of the deferred gift.

B. INVESTMENT OBJECTIVES

1. Deferred Gift Assets:

   a. The primary financial objective for the investment management of deferred gift assets is to meet the payout requirements of the gift instrument. Secondarily, the objective is to maximize the expected real value of the residual trust to the University of Washington with an appropriate level of risk given the first (and primary) objective.
2. Real Estate and Real Estate Contracts:
   a. Generally, the University of Washington will not agree to hold individual real estate gifts for investment purposes. The objective in accepting, retaining, and liquidating gift real estate is to obtain a fair return from the property in a timely manner relative to the expenses and effort required to hold, maintain and manage the property until disposition. The University of Washington may choose to finance the sale of real estate gifts if it is judged to provide the best return at an appropriate risk.

3. Other Non-Consolidated Gift Assets:
   a. Generally, the University of Washington will not agree to hold gifts of tangible personal property (such as art or coin collections) for investment purposes. The University of Washington may hold securities in start-up, closely held companies or limited partnership interests for investment purposes, if the assets cannot be sold. Such positions will only be taken if there is an acceptable degree of risk relative to expected return to the University of Washington from holding such an asset.

C. INVESTMENT MANAGEMENT STRUCTURE
   Deferred gift assets will be invested primarily by an external investment manager. 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; ability to provide or work closely with external deferred gift administrative services provider; performance record; investment management fees; and the firm's ethical and financial viability.

D. PORTFOLIO COMPOSITION AND ASSET ALLOCATION
   1. Deferred gift assets will be broadly diversified using various commingled funds including stocks, bonds, and alternative assets such as venture capital or equity real estate. In certain cases, individual investment securities may be purchased and sold by the trusts, depending upon circumstances. These commingled funds (and, when applicable, securities) will be held in various deferred gifts in different ratios, depending on the income/total return characteristics that are desired for any individual gift.

   2. When selecting a stock/bond mix, it is not necessary in all cases to make a selection that will produce an income level equal to the payout requirement. This will vary by gift vehicle and the express desires of the donor with respect to income production. Because higher stock/bond ratios are expected to produce higher rates of total return (but lower levels of income), higher ratios will be generally preferred when they are consistent with the guidelines and objectives of the individual gift plans.
3. Typically, stock/bond ratios will be selected with particular attention to the risk of asset erosion due to a severe decline in the stock market and the need to make an ongoing payout. The risk of the investment strategy selected will not exceed that of a 70/30 stock/bond portfolio except as approved by the Treasurer of the Board of Regents on a trust by trust basis.

4. In individual cases, as appropriate, the University of Washington may retain assets transferred by the donor (such as real estate, marketable securities or closely held stock), without diversification, provided the gift instrument permits such discretion and relieves the University of Washington of a duty to diversify the gift portfolio.

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.

F. MONITORING OF OBJECTIVES AND RESULTS
Performance measurement reports for deferred gift assets will be prepared by the Office of the Treasurer. Benchmarks/universes will be consistent with the approach used for the Consolidated Endowment Fund and the Invested Funds of the University of Washington. Summary reports will be shared with the Finance, Audit and Facilities Committee or its delegate.

G. DELEGATIONS
Delegations related to the management and administration of the University's deferred gift 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 strategic asset allocation, performance goals and delegations.

2. 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 Treasurer of the Board of Regents. Recommend policy changes as appropriate to the Board of Regents.

3. Executive Vice President:
   a. Approve investment management 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. Approval authority is
delegated to the Treasurer of the Board of Regents when the Executive Vice President is otherwise unavailable.

4. Treasurer of the Board of Regents
   a. Execute securities transactions in conjunction with the day-to-day management of the investment program.
   b. 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.
   c. Appoint deferred gifts investment manager and custodian.
   d. Appoint deferred gifts external administrator.
   e. Seek the advice of the University’s investment consultant(s), Chief Investment Officer and members of the University of Washington Investment Committee (UWINCO) as appropriate on issues related to the management of the deferred giving investment program.
   f. Approve deferred gift investment manager guidelines.
   g. Communicate key decisions, made in consultation with the Senior Executive Vice President to the Finance, Audit and Facilities Committee.
   h. Where appropriate, consult with the Vice President for University Advancement Development and Alumni Relations and/or the Chief Real Estate Officer Director of Real Estate and their related personnel regarding deferred gift policy/guideline issues.
   i. Monitor the deferred gifts' investment manager in order to confirm that the performance expectations remain in place.

5. Chief Real Estate Officer Director of Real Estate
   a. Make decisions regarding the liquidation of gift real estate in consultation with the Treasurer, the Vice President for University Advancement Development and Alumni Relations and related personnel from both offices as appropriate.

6. Vice President for University Advancement Director of Gift Planning
   a. With the concurrence of the Treasurer of the Board of Regents, or designee, recommend acceptance of:
      (1) Current gifts of non-traditional investment assets, charitable lead trusts where the University is to act as trustee, bargain sale gifts of property, and partial interest gifts.
      (2) Deferred gifts, if the University is to act as trustee or custodian of the deferred gift.

[See also Board of Regents Governance, Standing Orders, Chapter 1, Section 8, Gift Evaluation and Acceptance]
UNIVERSITY OF WASHINGTON

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY
FOR PORTAGE BAY INSURANCE

Approved by Board of Regents November 21, 1997 (SIRF)

Amended January 21, 2000; May 18, 2001; June 14, 2002; November 21, 2003; May 19, 2005; and May 9, 2013.

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 policy governs the investment management of Portage Bay Insurance (PBI). This statement is effective until modified by the Board.

The Board delegated to its Finance, Audit and Facilities Committee the responsibility for overseeing its investment programs within the general principles enumerated herein.

A. INVESTMENT OBJECTIVES

1. The overall financial objective of the PBI is to provide for the payment of judgments and claims against the University, its schools, colleges, departments, hospitals and personnel. The secondary financial objective is to stabilize the University’s risk financing costs.

2. The primary investment objective of the PBI is to provide the University a maximum level of return subject to a low probability of negative returns over rolling three year periods. The secondary investment objective is to maximize long-term capital growth within acceptable risk levels.

3. The investment performance of the PBI will also be evaluated, on a risk-adjusted basis, relative to a blend of market indices that reflect the overall asset allocation of the funds.

---

1 In June of 2002, the University established Portage Bay Insurance, a separate corporation, to pay liabilities arising on and after July 1, 2002. This company will be operated concurrently with the Self-Insurance Revolving Fund (SIRF) until the liabilities of SIRF have been satisfied. PBI will then be the sole entity responsible for paying University tort claims. PBI was initially capitalized with assets from the SIRF and is funded on an ongoing basis with University premiums.
**B. INVESTMENT MANAGEMENT STRUCTURE**

1. The PBI assets will be invested primarily by external investment managers. External investment management firms will be selected on the basis of factors including but not limited to the following: the experience of key personnel; insurance industry expertise; assets under management; asset/liability modeling capability; investment philosophy; ability to work effectively with the University’s existing actuarial and excess carrier relationships; organizational structure; performance record; investment management fees; and the firm’s ethical and financial viability.

2. The University may invest the PBI assets in one or more of its institutional fund vehicles such as the operating fund (a.k.a. “Invested Funds”) or the Consolidated Endowment Fund if this alternative provides superior risk/return characteristics.

**C. PORTFOLIO COMPOSITION AND ASSET ALLOCATION**

1. The assets of the PBI will be held and monitored separately for investment purposes. The asset allocation of the two insurance portfolios (PBI and SIRF) may vary based upon liquidity and other considerations.

2. To achieve its investment objective, the PBI investments will be divided into two parts: a “Fixed Income Portfolio” and an “Equity Portfolio”. The purpose of dividing the funds in this manner is to ensure that the overall asset allocation between these two major asset classes remains under the regular scrutiny of the Finance, Audit and Facilities Committee or its delegate.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Long-term Target</th>
<th>Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income Portfolio</td>
<td>75%</td>
<td>65% - 100%</td>
</tr>
<tr>
<td>Equity Portfolio</td>
<td>25%</td>
<td>0 - 35%</td>
</tr>
</tbody>
</table>

3. The purpose of the Fixed Income Portfolio is to produce current income to supplement discounted insurance premiums. The Fixed Income Portfolio performance objective is to outperform, net of commissions and fees, the Barclay’s Capital U.S. Government Corporate Bond Index on a risk-adjusted basis. Performance will be monitored on a regular basis and evaluated over rolling three-to five year periods.
4. The Fixed Income Portfolio will be invested in a portfolio of fixed income securities with an average duration that may vary modestly from the benchmark. The Fixed Income Portfolio will have an average quality rating of at least “A”.

5. The purpose of the Equity Portfolio is to provide a total return that will provide for growth in principal. It is recognized that the Equity Portfolio entails the assumption of greater market variability and risk. The Equity Portfolio performance objective is to outperform, net of commissions and fees, the S&P 500 index on a risk-adjusted basis. Performance will be monitored on a regular basis and evaluated over rolling three-to five year periods.

6. International securities may be employed in the Fixed Income Portfolio and the Equity Portfolio if so specified under individual investment manager guidelines. Manager performance will be evaluated against a domestic benchmark.

7. Direct and derivative investments, commingled funds and fund of funds may be used in implementing the asset allocation.

8. Direct investments in tobacco companies are prohibited.

9. Direct investment in companies doing business in Sudan whose business activities support the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur is prohibited.

10. Funds invested directly in a commingled fund portfolio managed by the University will be subject to the policy provisions contained therein.

D. 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.

E. MONITORING OF OBJECTIVES AND RESULTS

1. All objectives and policies are in effect until modified. The Finance, Audit and Facilities Committee will review these periodically for their continued appropriateness.

2. The PBI portfolio will be monitored on a continual basis for consistency in investment philosophy; return relative to objectives; and investment risk
as measured by asset concentrations; exposure to extreme economic conditions; and market volatility. Portfolios will be reviewed at least annually by the Finance, Audit and Facilities Committee but results will be evaluated over longer time frames including the inception period, running three- to five-year periods, and complete market cycles.

3. The Chief Investment Officer (CIO) will review individual managers as needed in order to confirm that performance expectations remain in place.

4. A statement of investment objectives and guidelines shall be maintained for each public investment manager where the University’s assets are managed in a separate account.

<table>
<thead>
<tr>
<th>F. DELEGATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegations related to the management of the University’s investment portfolios are as follows:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1. Board of Regents:</td>
</tr>
<tr>
<td>a. Approve investment policies which guide the management of the University’s investment portfolios. This includes but is not limited to the strategic asset allocation, performance goals and delegations.</td>
</tr>
<tr>
<td>b. Approve appointment of the Chief Investment Officer.</td>
</tr>
<tr>
<td>c. Approve appointment of the Treasurer of the Board of Regents.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2. Finance, Audit and Facilities Committee:</td>
</tr>
<tr>
<td>a. Oversee the University’s investment programs within the broad guidelines established by the investment policies.</td>
</tr>
<tr>
<td>b. Appoint the University’s investment consultant(s).</td>
</tr>
<tr>
<td>c. Review the asset allocation and strategy recommendations of the CIO. Recommend policy changes as appropriate to the Board of Regents.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3. Senior Vice President:</td>
</tr>
<tr>
<td>a. Approve investment management agreements, investment 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.</td>
</tr>
<tr>
<td>a. Assume supervisory responsibility for the CIO position.</td>
</tr>
</tbody>
</table>
4. **Treasurer of the Board of Regents:**

   a. Execute securities transactions in conjunction with the day-to-day management of the investment program.

   b. Execute investment management agreements, limited partnership agreements, custodial 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.

5. **Chief Investment Officer**

   a. Manage the day-to-day activities of the University’s PBI investment portfolios within the broad guidelines established under this policy.

   b. Seek the advice of the University’s investment consultant(s), Senior Vice President and members of the University of Washington Investment Committee (UWINCO) on issues related to the management of the investment portfolios.

   c. Appoint new investment firms to manage the University’s self-insurance assets and investment custodians. Approved firms will pursue investment strategies that fall within the guidelines established in policy by the Board of Regents.

   d. Terminate existing investment relationships with firms responsible for the management of the University’s self-insurance assets. This authority is typically exercised due to performance concerns, organizational changes, or structural considerations within the self-insurance portfolios.

   e. Approve the overall asset allocation of the PBI portfolios within the long-term ranges established under this policy.

   f. Approve the dollar value of assets allocated to new and existing investment firms responsible for the management of the University’s self-insurance assets and reallocate assets among such managers in accordance with long-term strategic targets.

   g. Monitor individual investment firms on a regular basis to ensure that performance and compliance expectations are met.

   h. Approve individual investment manager guidelines.

   i. With input and direction from the Executive Director of Risk Management, direct asset/liability modeling of the PBI portfolios.

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The delegations formerly in place with the Treasurer of the Board of Regents were merged with those of the SVP several years ago. The separation is restored in the proposed change.

F.5.i. no longer applicable
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Comparative Asset Allocation, Performance, and Endowment Trends

This item is for information only.

Attachment
Comparative Asset Allocation, Performance, and Endowment Trends
May 9, 2013

Comparative Asset Allocation, Performance, and Endowment Trends
University of Washington - Board of Regents

CAMBRIDGE ASSOCIATES LLC
The long-term trend is that equity and bonds carry lighter allocations, while hedge funds and private investing carry higher allocations.

Institutions are slowly increasing their dedicated exposure to Emerging Markets.

Institutions have significant and diverse exposures to Real Assets, which often generate good performance in periods of unanticipated inflation.

**Note:** Allocations are as of June 30, except for 2012, which is as of December 31. **Bonds** includes U.S. Bonds, Non-U.S. Bonds, and High-Yield Bonds. **Hedge Funds** include Long/Short Hedge Funds, Event Arbitrage, Arbitrage, Distressed Securities, and macro and market-neutral hedge funds. **Other** includes managed futures, macro and market-neutral hedge funds, coal, royalties, cash value life insurance, and synthetic exposure (derivatives).
Both U.S. Equity and Fixed Income have been in a steady allocation decline over the full period, though have leveled off near all time lows.

Conversely four strategies, including Emerging Markets and Private Equity, are at historic maximum allocations today.
Asset Allocation relative to other Endowments

<table>
<thead>
<tr>
<th></th>
<th>UW*</th>
<th>Endowments Greater than $1 Billion</th>
<th>CA Top 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Equity</td>
<td>18.0</td>
<td>7.2</td>
<td>7.5</td>
</tr>
<tr>
<td>(Public)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Equity</td>
<td>16.7</td>
<td>16.5</td>
<td>18.3</td>
</tr>
<tr>
<td>Developed Equity</td>
<td>30.9</td>
<td>26.6</td>
<td>24.3</td>
</tr>
<tr>
<td>(Public)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>7.4</td>
<td>14.4</td>
<td>16.0</td>
</tr>
<tr>
<td>Opportunistic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute Return</td>
<td>17.5</td>
<td>23.4</td>
<td>23.5</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>9.5</td>
<td>11.9</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td>92</td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

• UW Opportunistic investments categorized with Private Eq. following CA convention. Asset Allocation data as of December 31.

**UW asset allocation suggests a few key differences in positioning relative to peer institutions (compared to Top 50):**

- 10% more in Emerging Markets
- 8% less in Real Assets
- 6% less Absolute Return
UW over- and under-performance versus peers over the last several years reflects differences in asset allocation.
Consolidated Endowment Fund Performance

UNIVERSITY OF WASHINGTON
CA TOP 50 COLLEGES & UNIVERSITIES UNIVERSE
COMPARATIVE PERFORMANCE (%)
As of December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>8-Yr AACR</th>
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<tbody>
<tr>
<td></td>
<td>1/1/2005</td>
</tr>
<tr>
<td></td>
<td>12/31/2012</td>
</tr>
<tr>
<td>High</td>
<td>9.58</td>
</tr>
<tr>
<td>25th Percentile</td>
<td>7.40</td>
</tr>
<tr>
<td>50th Percentile</td>
<td>6.29</td>
</tr>
<tr>
<td>75th Percentile</td>
<td>5.64</td>
</tr>
<tr>
<td>Low</td>
<td>3.38</td>
</tr>
<tr>
<td>n</td>
<td>41</td>
</tr>
<tr>
<td>UW</td>
<td>6.30</td>
</tr>
<tr>
<td>UW Rank</td>
<td>48%</td>
</tr>
</tbody>
</table>

Over the last several years relative performance is approximately median.
Other Trends with Peer Institutions

- **Spending**
  - Modest change in spending rules among peers

- **Private Investment allocations continue to rise**
  - Institutions like the return characteristics
  - Some have created ways to draw liquidity from other sources in the event of weak equity market.

- **Notwithstanding some recent underperformance, institutions remain committed to Emerging Markets**
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Guideline for Interfund Loans

BACKGROUND

Proposed language changes to the Statement of Investment Objectives and Policy for the Invested Funds identify the potential for an interfund loan between the Invested Funds and the Consolidated Endowment Fund.

In the event of adverse market conditions similar to 2008-09, the University desires to avoid selling securities at a loss or liquidating funds at a wide discount to market value in order to meet obligations. Under such circumstances, funds could be borrowed internally to meet quarterly distributions to endowed programs. The maximum loan amount is not expected to exceed one year’s worth of distributions (Fiscal year 2012 CEF distributions totaled $106 million). The maximum loan period is two years with CEF cash flows providing the source of repayment.

Identification of the need for an interfund loan will be made by the Chief Investment Officer in consultation with the Associate Vice President - Treasury and the Senior Vice President. The Chief Investment Officer will further seek the advice of UWINCO and the University’s investment consultant. Approval by the Board of Regents is required for all interfund loan activity.

REVIEW PROCESS

The Guideline for Interfund Loans was developed by the Chief Investment Officer and Associate Vice President – Treasury in consultation with the University of Washington Investment Committee (UWINCO), the Treasurer of the Board of Regents, and the University’s investment consultant, Cambridge Associates.

Attachment
Guideline for Interfund Loans
Guideline for Interfund Loans

From the Invested Funds (IF) to the Consolidated Endowment Fund (CEF)

This guideline defines the conditions and terms under which the Invested Funds may be used as a loan source by the Consolidated Endowment Fund.

**Investment Authority:** The Board of Regents of the University of Washington is vested by statute with responsibility for the management of the properties of the University. The Board has delegated to its Finance, Audit and Facilities Committee (FAF) the responsibility for overseeing the investment programs of the University. Board approved Statements of Investment Objectives and Policy are in place for both the Invested Funds and the Consolidated Endowment Fund. The process identified in this guideline is consistent with the investment objectives and the delegations established under policy by the Board of Regents.

**Prudence:** Under extreme market conditions, it may be deemed prudent to borrow funds internally to meet quarterly endowed program distributions rather than sell assets at depressed prices. Activity under this guideline is not intended for the sole purpose of creating leverage in the CEF.

**Extreme Market Conditions:** A loan may be triggered by a decline of 10% or more in the per unit market value of the CEF over a period of one year or less. Other situations such as highly illiquid markets may also prompt the consideration of internal financing to meet CEF distribution requirements.

**Process for Interfund Loan Approval:** Identification of need will be made by the Chief Investment Officer in consultation with the Associate Vice President/Treasury Office and the Senior Vice President. The Chief Investment Officer will further seek the advice of UWINCO and the University's investment consultant. Approval by the Board of Regents is required for all interfund loan activity.

**Terms:** The following defines the terms for loans granted under this guideline:

- **Maximum Quarterly Loan:** CEF quarterly distribution net of new gifts. Loans may occur in successive quarters up to an amount equivalent...
to one year’s worth of distributions. ($106 million was distributed from the CEF over four quarters in FY12).

- **Loan Period**: Two years.
- **Interest Rate**: Two-year Treasury rate plus 100 basis points. Resets quarterly.
- **Amortization**: Two years. Interest only payable quarterly. Principal in full due at end of term.
- **Loan Administration**: Loan agreement serviced by the Treasury Office.

**Repayment Source**: Consolidated Endowment Fund by way of new gift funds, realized gains, dividends, cash balances and/or asset sales.
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Intercollegiate Athletics – Annual Financial Report

This item is for information only.

Attachment
Department of Intercollegiate Athletics, 2012-2013 Budget Overview with Financial and Capital Projections
University of Washington

Department of Intercollegiate Athletics

2012-2013 Budget Overview with Financial and Capital Projections

5/9/13
### University of Washington

#### Financial Projections for Intercollegiate Athletics

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gate Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Football Home Games</td>
<td>$18,068</td>
<td>$15,613</td>
<td>$23,908</td>
<td>$23,931</td>
<td>$24,576</td>
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<td>Football Away Game Share + Other Sports</td>
<td>$5,721</td>
<td>$4,920</td>
<td>$4,881</td>
<td>$5,121</td>
<td>$5,189</td>
<td>$5,360</td>
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<tr>
<td><strong>Total Gate Revenue</strong></td>
<td>$23,789</td>
<td>$20,533</td>
<td>$28,789</td>
<td>$29,052</td>
<td>$29,765</td>
<td>$30,613</td>
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<td>Contributions:</td>
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<td>Tyee Football Donor Seats</td>
<td>$8,541</td>
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<td>$8,977</td>
<td>$9,156</td>
<td>$9,156</td>
<td>$9,523</td>
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<td>Building Fund for Excellence (on football season tkts)</td>
<td>2,882</td>
<td>3,124</td>
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<td>Don James Center</td>
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<td>Luxury Suites</td>
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<td>0</td>
<td>1,430</td>
<td>1,548</td>
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<td>Patio Seats</td>
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<tr>
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<td>NCAA and Conference Distributions</td>
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<td>Multimedia Rights (signage, radio, local TV)</td>
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<td>4,750</td>
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<td>Other Sponsorships, Donated Advertising and Supplies</td>
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<td>Concessions, Souvenirs, Parking and Boat Moorage</td>
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<td>3,960</td>
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<td>Investment Income (endowment distributions &amp; cash)</td>
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<td>Other Revenue (rental income etc.)</td>
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<td>882</td>
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<td>2,665</td>
<td>2,714</td>
<td>2,765</td>
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<td><strong>Total Operating Revenue</strong></td>
<td>$82,593</td>
<td>$81,002</td>
<td>$95,621</td>
<td>$103,091</td>
<td>$108,430</td>
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<td><strong>Operating Expense</strong></td>
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<tr>
<td>Salaries and Benefits</td>
<td>$30,286</td>
<td>$31,912</td>
<td>$32,848</td>
<td>$33,771</td>
<td>$36,101</td>
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<td>Team and Administrative Travel</td>
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<td>5,543</td>
<td>5,765</td>
<td>5,995</td>
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<td>Day of Game</td>
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<td>4,455</td>
<td>5,055</td>
<td>5,201</td>
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<td>Guarantees Paid to Visiting Teams</td>
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<td>Donated Advertising and Donated Supplies</td>
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<td>3,900</td>
<td>4,028</td>
<td>4,057</td>
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<td>Supplies and Equipment</td>
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<td>Mktg Outreach- Website for Renovated H. Stad.</td>
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<td>$73,262</td>
<td>$75,858</td>
<td>$77,946</td>
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<td>$84,923</td>
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<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td>$8,759</td>
<td>$7,740</td>
<td>$19,763</td>
<td>$25,145</td>
<td>$26,312</td>
<td>$27,020</td>
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### University of Washington

#### Financial Projections for Intercollegiate Athletics

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<tr>
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<tbody>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td>$8,759</td>
<td>$7,740</td>
<td>$19,763</td>
<td>$25,145</td>
<td>$26,312</td>
<td>$27,020</td>
</tr>
<tr>
<td><strong>Non-Operating Income</strong></td>
<td></td>
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<tr>
<td>Contributions for facilities (not stadium renovation)</td>
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<td>Contributions for stadium renovation (*1)</td>
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<td>Unrealized Gain (Loss) on CEF</td>
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<td>985</td>
<td>625</td>
<td>868</td>
<td>1,141</td>
<td>1,305</td>
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<td><strong>Total Non-Operating Income</strong></td>
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</tr>
<tr>
<td></td>
<td>$11,913</td>
<td>$2,985</td>
<td>$625</td>
<td>$868</td>
<td>$1,141</td>
<td>$1,305</td>
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<tr>
<td><strong>Non-Operating Expenses</strong></td>
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<tr>
<td>Capital Expenses (other than stadium renovation)</td>
<td>$6,444</td>
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<td>$2,718</td>
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<td>1,225</td>
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<td>Debt Service for Husky Stadium ($261M approved budget)</td>
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<td>0</td>
<td>10,503</td>
<td>14,528</td>
<td>15,168</td>
<td>15,168</td>
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<tr>
<td>Debt Service for H. Stadium with $14.3M added costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
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<tr>
<td>Debt Service for 10 Years for Scoreboards</td>
<td>0</td>
<td>0</td>
<td>1,055</td>
<td>1,055</td>
<td>1,055</td>
<td>1,055</td>
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<tr>
<td>Debt Service for Baseball Stadium</td>
<td>0</td>
<td>0</td>
<td>400</td>
<td>870</td>
<td>870</td>
<td>870</td>
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<tr>
<td>Debt Service if fund $30M of other capital projects *2</td>
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<td>0</td>
<td>500</td>
<td>1,300</td>
<td>2,130</td>
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<tr>
<td><strong>Total Non-Operating Expenses</strong></td>
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<tr>
<td></td>
<td>$23,572</td>
<td>$5,311</td>
<td>$16,335</td>
<td>$21,471</td>
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<td>$25,523</td>
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<tr>
<td>Pay Down Debt on Husky Stadium</td>
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<td>2,500</td>
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<td><strong>NET INCR/(DECR) TO FUND BALANCE</strong></td>
<td>($2,900)</td>
<td>$5,414</td>
<td>$4,053</td>
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<td>Ending Balance Operating and CEF Fund</td>
<td>$10,008</td>
<td>$15,422</td>
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<td>Unrestricted Reserve Balance</td>
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<td>Additions to Endowments (not including appreciation)</td>
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<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
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<td><strong>Ending Balance Endowment Fund</strong></td>
<td>$39,505</td>
<td>$41,795</td>
<td>$44,131</td>
<td>$46,514</td>
<td>$48,944</td>
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</table>

*1 Only $22.9 million of $50 million in gifts for stadium renovation, as well as $22.9 million in capital expenses for the project, are shown in this document. Calculations for debt service include any gifts received or expenses incurred after this point.

*2 Other capital projects funded by debt service subject to approval by President and the Board of Regents.
### Debt Service Coverage Ratio

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<tr>
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</thead>
<tbody>
<tr>
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<td>$82,593</td>
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<td>$95,621</td>
<td>$103,091</td>
<td>$108,430</td>
<td>$111,943</td>
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<tr>
<td>Operating Expense</td>
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<td>73,262</td>
<td>75,858</td>
<td>77,946</td>
<td>82,119</td>
<td>84,923</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$8,759</td>
<td>$7,740</td>
<td>$19,763</td>
<td>$25,145</td>
<td>$26,312</td>
<td>$27,020</td>
</tr>
</tbody>
</table>

### Debt Service Payments

- **Current Debt Service for Dempsey Indoor Facility**: $1,134
- **Debt Service for Husky Stadium ($261M approved budget)**: $1,134
- **Debt Service for H. Stadium with $14.3M added costs**: $1,134
- **Debt Service for 10 Years for Scoreboards**: $1,134
- **Debt Service for Baseball Stadium**: $1,134
- **Debt Service if fund $30M of other capital projects *2**: $1,134

**Total Debt Service Payments**: $1,134

**Debt Service Coverage Ratio (1.25X required)**: 7.72

### Total Outstanding Debt

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Dempsey Indoor Facility</td>
<td>$2,250</td>
<td>$1,197</td>
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<td>Husky Stadium ($261M approved budget)</td>
<td>52,230</td>
<td>192,530</td>
<td>234,326</td>
<td>224,065</td>
<td>214,808</td>
<td>208,987</td>
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<td>If Husky Stadium has added costs of $14.3M</td>
<td>0</td>
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<td>14,300</td>
<td>14,282</td>
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<td>Scoreboards for 10 Years</td>
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<td>7,595</td>
<td>6,829</td>
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<tr>
<td>Baseball Stadium</td>
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<td>0</td>
<td>12,500</td>
<td>11,984</td>
<td>11,659</td>
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<tr>
<td><strong>Total Outstanding Debt</strong></td>
<td>$54,480</td>
<td>$193,727</td>
<td>$256,221</td>
<td>$257,676</td>
<td>$246,931</td>
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</table>
OPERATING REVENUE

Gate Revenues ($20,533k)
- $15,613k Football gate revenues less city taxes for six 2012 home games at Century Link Field
- 550 Visiting team share received for away non-conference football game at LSU
- $16,163k Football Subtotal
- $3,267k Men’s basketball gate revenues less city taxes for 2012-2013 home games
- 217 Women’s basketball home games
- 380 Olympic sports home events
- 506 Ticket handling fees
- $20,533k Total

Contributions Except for Facilities ($21,158k)
- $8,977k Football Tyee donor seat related contributions for 2013 season
- 1,099 Football Tyee donor seat related contributions for 2012 games beyond original budget
- 3,000 Men’s basketball seat related contributions
- 35 Women’s basketball seat related contributions
- 1,095 Gifts for scholarships
- 3,124 Building Fund for Excellence contributions ($75 for non-student football season tickets)
- 3,302 Don James Center contributions received in advance for 2012 through 2017 seasons
- 526 Other contributions (Alaska Airlines naming, Husky Sports contributions etc.)
- $21,158k Total

NCAA and Conference Distributions ($23,045k)
- $16,117k Pac-12 football and men’s basketball TV
- 2,750 Rose Bowl/BCS and other bowl game share (equal share to all Pac-12 schools); $350k additional revenue from two Pac-12 teams (Stanford and Oregon) in BCS Bowl games
- 1,240 UW share of Las Vegas Bowl revenue to pay for expenses
- 1,255 Men’s Basketball NCAA Tournament (equal share to all Pac-12 schools)
- 291 Pac-12 Basketball tournament
- 777 NCAA distribution based on number of grants in aid
- 308 NCAA distribution for the Student-Athlete Opportunity Fund
- 232 NCAA distribution based on number of sports sponsored
- 64 NCAA distribution for academic enhancement
- 11 Conference distribution of miscellaneous income
- $23,045k Total

Multimedia Rights ($4,000k)
- $4,000k Radio broadcast and scoreboard advertising (year 2 of 3 year contract with IMG)
- $4,000k Total

Other Sponsorships, Donated Advertising and Supplies ($5,445k)
- $1,400k Donated advertising value related to IMG contract (offsets expense line item)
- 2,500 Donated athletic supplies value from Nike contract. This is year 4 of 10 year contract. (Offsets expense line item in budgets for sports)
- 675 Trademarks and Licensing (ICA receives 70% after expenses)
- 650 Nike cash (year 4 of 10 year contract)
- 220 Others (Gatorade, Windermere, Affinity etc.)
Revenue and Expense Detail for the 2012-2013 Budget

$5,445k  Total

State Mandated Tuition Waivers ($3,336k)

$3,336k  Approved amount for 2012-2013

Concessions, Souvenirs, Parking, Boat Moorage ($905k)

$250k  Food concession sales in year 1 of 5 year contract with Aramark. (no food concessions revenue this year from football games at Century Link Field)
300  Souvenir concession sales at Team Shop, at events and on-line. (year 1 of 5 year contract with Fanatics)
355  Parking revenue from home football games
$905k  Total

Investment Income from Endowment Distributions and Cash ($1,698k)

$1,698k  Distribution of endowment income plus return on short-term cash
$1,698k  Total

Other Revenues ($882k)

$530k  Facilities rental
190  Laundry services provided to IMA (towels)
162  Other revenues (in-house football camp, sports medicine custodial recharge, etc.)
$882k  Total

OPERATING EXPENSES

Salaries and Benefits ($31,912k)

- No salary increases in 2012-2013 for professional and contract staff, except per existing contract agreements
- No salary increases in 2012-2013 for classified staff except automatic step increases
- Performance and academic incentives for contract staff included
- Benefits loading rates included

Financial Aid ($10,813k)

- 268 total scholarships (183 out of state and 85 instate)
- 16% increase for in-state tuition in 2012-2013
- 6% increase for out-of-state tuition in 2012-2013

Team and Administrative Travel ($6,145k)

- $4.8M team travel, including $800k football travel to Las Vegas Bowl
- $1M recruiting and administrative travel
- Balance for travel transaction fees, new employee relocation, job candidate travel, SeaTac parking

Day of Game ($4,455k)

- Event costs for six home football games at Century Link Field in 2012
- Event costs for men’s basketball, women’s basketball and 18 Olympic Sports
- Includes cost of buses for fans on football game days

Guarantees Paid to Visiting Teams ($1,922k)

$1,275k  Football (two non-conference home games vs. San Diego State and Portland State)
Revenue and Expense Detail for the 2012-2013 Budget

595 Men’s Basketball home games
52 Other sports
$1,922k Total

**Donated Advertising and Supplies ($3,900k)**
- $1,400k Donated advertising value related to IMG contract (offsets revenue line item)
- 2,500 Donated athletic supplies value Nike contract (offsets revenue line item)
- $3,900k Total

**Supplies and Equipment ($1,860k)**
- Includes athletic, office, nutritional, general program, painting, custodial and video/film supplies

**Overhead, Utilities, Repairs, Maintenance ($4,405k):**
- $2,150k Projected institutional overhead paid to UW for centralized services
- 470 Electricity
- 230 Steam
- 190 Water
- 1,365 Maintenance of facilities, maintenance contracts (computers, video editing, copiers, etc.), telephone equipment and waste disposal
- $4,405k Total

**Marketing Outreach – Website for Renovated Husky Stadium ($400k):**
- $400k in 2012-2013 of $1.3M total cost

**Other Expenses ($7,450k):**
- The budgeted amounts are as follows.

- $1,550k Pac-12 Conference Office assessment
- 1,162 Training table, pre-season housing/meals and break meals
- 675 Credit card merchant fees
- 593 Medical expenses (medical providers and supplies)
- 438 Advertising and promotions
- 393 Printing
- 332 Department relations
- 325 Insurance (property, travel, loss of revenue)
- 272 Banquets and special events
- 239 Visiting recruits (48-hour visits)
- 227 NCAA Student-Athlete Opportunity Fund
- 205 Las Vegas Bowl expenses (not including travel)
- 200 Postage
- 166 Telephone (cellular and long distance)
- 124 Consultants and other studies
- 109 Recruiting services
- 102 Memberships, dues/fees, subscriptions
- 44 Audit fees (financial audit and agreed upon procedures)
- 40 Legal fees
- 40 Freight
- 214 Other (football camp, band expenses, etc.)
- $7,450k Total

- 6 -
OPERATING REVENUE

Gate Revenues

- Total Football Non-Student Season Tickets
  - 42,224 total sold for 2011 (last season in Husky Stadium before renovation)
  - 41,193 total sold for 2012 (games at Century Link Field)
  - 42,379 total sold in 2013 projections (43,594 deposits received to date exceed projections)
    - 2013 projected sales number grows by 500 year for three years to 43,879 for 2016 and remains level thereafter
- Total Football Student Season Tickets
  - 5,938 total sold for 2011
  - 4,752 total sold for 2012 (less student demand at Century Link Field)
  - 4,989 total sold in 2013 projections and beyond
- Football gate revenue for 2017 and beyond reduced by $2 million year for possibility revenue in renovated Husky Stadium will not continue to meet expectations.

- Football Season Ticket Prices
  - 2013 ticket prices are as follows:
    - $424 for all premium seats, Tyee donor sections and general season tickets (equals $60 per game for 2013 vs. $54 per game for 2012)
    - $339 for East End Zone Reserved
    - $244 for Value Reserved (in corners of upper decks)
    - $99 for Students
  - 2.0% annual increase beginning 2014

- Ticket Price Increases for Other Sports
  - 2.5% annual increase for basketball and other sports

Contributions (Football Tyee Donor Seats)

- Total Tyee Donor Seats (Numbers do not include the Don James Center or other new premium seating)
  - 15,750 total sold for 2011
  - 16,101 total sold for 2012
  - 16,490 total sold in 2013 projections and beyond

- Football Tyee Seat Prices
  - 2011 prices for last year in Husky Stadium were $425, $300 and $200 per seat
  - 2012 prices for games at Century Link Field were $950, $750, $550, $450, $350 and $250 seat
  - 2013 prices are $750, $550, $450, $350 and $250 per seat
  - 2% price increase in 2015 and 4% every other year; 2017, 2019, etc.

Building Fund for Excellence

- $75 seat times number of most non-student football season tickets sold
- No annual price increases

Don James Center (north side)

- 560 total sold for 2011 (sold out)
- Not available for 2012 (games at Century Link Field)
- 624 available seats in 2013 after stadium renovation
Assumptions for Financial Projections After 2012-2013

- **523** total sold in 2013 projections and beyond (580 sold to date exceeds projections)
- Payments received in 2011-2012 and 2012-2013 cover six football seasons through 2017

**Luxury Suites (new south side)**
- 30 available suites
- **Four suites remain to be sold for 2013. Selling two more suites will meet 2013 projections.** Unsold seats available to be sold on a single game basis.
- 2.5% annual price increase beginning with 2014 season

**Patio Suites (new south side)**
- 168 available seats
- **160** sold in 2013 projections and beyond (represents 95% of available seats)
- **Patio suites sold out for 2013 which exceeds projections.**
- 2% price increase in 2015 and 4% increase every other year; 2017, 2019, etc.

**Club Seating (new south side)**
- 2,511 available seats
- **2,134** total sold in 2013 projections and beyond (represents 85% of available seats)
- **Club seating sold out for 2013 which exceeds projections.**
- 2% price increase in 2015 and 4% increase every other year; 2017, 2019, etc.

**Naming Rights (Husky Stadium)**
- $1.25 million year beginning with the 2013 season

**Contributions (Non-Football Seat Related, Scholarships etc.)**
- Men’s Basketball Donor Seats
  - **4,338** total sold for 2011-2012
  - **3,966** total sold for 2012-2013
  - **4,152** total sold per projections for future years (represents average of past two years)
  - Price increase of 2.5% each year
- Other Annual Price Increases
  - 2.5% for women’s basketball donor seats
  - 3% for scholarship contributions

**NCAA and Conference Distributions**
- Television Revenue from Football and Men’s Basketball
  - New conference contract for primary and secondary rights began in 2012-2013, with revenue shared equally by conference schools
  - Revenue will increase by 3% in each of the next two years and 5% thereafter
- Pac-12 Network
  - No projected revenue distributions in first two years of Network (2012-2013 and 2013-2014)
  - $2 million year projected beginning 2014-2015
- Additional Rose Bowl and BCS Bowl revenue added beginning 2014-2015
- Other distributions based on projections from conference office or a 3% increase per year if projections not available

**Multimedia Rights (signage, radio, local TV)**
Assumptions for Financial Projections After 2012-2013

- IMG Contract for signage and radio broadcasts increases by 3% year after 2013-2014
- No local TV revenue after creation of Pac-12 Network in 2012-2013

**Other Sponsorships, Donated Advertising and Donated Supplies**
- Donated advertising and donated supplies offsets expense entry for same amount.
- Nike cash and donated product increases per the contract. Donated advertising increases by 2% year. All other revenue increases by 3% year.

**State Mandated Tuition Waivers (Title IX)**
- Increases at same percentage as increase for instate tuition

**Concessions, Souvenirs, Parking and Boat Moorage**
- Reduced revenue from food concessions, souvenir concessions and boat moorage in 2012-2013, as football games played at Century Link Field
- Revenue increases in 2013-2014 and following years from renovated Husky Stadium

**Investment Income (endowment distributions and cash)**
- Endowments
  - $1.5 million added to endowment principal each year
  - 6% projected annual return less 4% distribution for department use leaves 2% reinvested in principal

**Other Revenue**
- Rental income of approximately $1 million year from UW Sports Medicine Clinic in Husky Stadium beginning 2013-2014
- 3% annual increase for other revenue categories

**OPERATING EXPENSES**

**Salaries and Benefits**
- **Salary Increases**
  - Projections include a possible 3% increase in 2013-2014 for professional, contract and classified staff
  - 2.5% annual increase after 2013-2014
- **Other Comments**
  - Annual allowance included for possible severance pay

**Financial Aid**
- Assumptions for increases beginning in 2013-2014 are as follows:
  - 10% for in-state tuition
  - 4% for out-of-state tuition
  - 4% for room and board
  - 5% for summer school and post-eligible aid
- $550k year added beginning 2013-2014 for possibility NCAA will approve bridging the gap between the cost of a full grant in aid and the cost of attendance.

**Team and Administrative Travel**
Assumptions for Financial Projections After 2012-2013

- 4% annual increase

Day of Game
- Seven home football games each year after 2013
- Allowance added beginning in 2013 for costs to service premium seating areas in renovated Husky Stadium
- 2.5% annual increase after 2013

Guarantees Paid to Visiting Teams
- Football non-conference games per contracts with other institutions
- 4% annual increase for basketball non-conference games

Donated Advertising and Donated Supplies
- Donated advertising and donated supplies offsets revenue entry for same amount.
- Nike donated product increases per the contract. Donated advertising increases by 2% year.

Supplies and Equipment
- 2.5% annual increase

Overhead, Utilities, Repairs and Maintenance
- Institutional overhead based on projected increased revenue beginning 2013-2014 due to additional ticket and concessions sales from renovated Husky Stadium
- Allowance added beginning 2013-2014 for additional maintenance and utilities from renovated Husky Stadium and new Football Operations Building
- 4% annual increase for utilities
- 3% annual increase for other expense categories

Marketing Outreach & Website for Renovated Husky Stadium
- $1.3 million total spread over four fiscal years

Other Expenses
- Pac-12 Conference Office assessment per conference projection
- 2.5% annual increase for other expense categories

NON-OPERATING INCOME

Unrealized Gain (Loss) on CEF
- Projected annual return of 6% on the CEF

NON-OPERATING EXPENSES

Capital Expenses (other than stadium renovation)
- $2.5 million for Baseball Stadium covered by project specific contributions for the $15 million project. Debt service covers remainder of project expenses.
Assumptions for Financial Projections After 2012-2013

- $2.5 million year allocated for miscellaneous capital projects with more funding provided if cash allows

**Current Debt Service (Dempsey Indoor Facility)**
- Principal balance of approximately $1 million will be paid off in December 2013

**Debt Service (Husky Stadium)**
- $15.1 million year debt service to pay for $261 million of renovation expenses ($250M for original project plus $11M for Sports Medicine Clinic plus capitalized interest)
- $1 million year debt service to pay for $14.3 million of additional project costs
- Interest capitalized through September 2013, interest only paid from September 2013 through August 2014, both interest and principal paid thereafter
- Financial model includes making additional principal payments of $2.5 million year beginning 2016-2017 to reduce 30 year length of loan

**Debt Service for Scoreboards**
- $1 million year debt service for ten years

**Debt Service for Baseball Stadium**
- $870k year debt service for 30 years

**Debt Service for Other Projects**
- $2.1 million year available to fund $30 million of other projects subject to approval by the President and the Board of Regents
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

2012 Internal Audit Results
This item is for information only.

Attachment
2012 Audit Results
2012 Audit Results

Finance, Audit and Facilities Committee
Board of Regents

May 2013
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Summary Status of Planned Audits ............................................ A
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Executive Summary

This report highlights the key goals and results of the audit work completed in 2012.

Audit Goals

Internal Audit’s goals for 2012 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 within operations;
- Expand our audit universe to include Valley Medical Center and also consider expanding to newly created or acquired UW operations;
- Continue to develop our student intern program; and
- Continue to lead and participate in the Pacific Northwest College and University Internal Audit Conference.

Audit Results 2012

As a result of the work completed in 2012, we issued 14 audit reports related to the 2011 and 2012 audit plans, provided controls and ethics trainings across campus, conducted follow-up audit procedures to “close” over 150 audit findings, provided liaison services to campus and UW Medicine, and conducted investigations into ethics and/or fraud allegations. Our audit work also included a review at Valley Medical Center for the first time in 2012. Additionally, we continued to directly support the conduct of the external financial statement audit of the University in order to reduce the overall audit fees paid.

The audit reports issued related to work completed in the following areas:

- Effort Reporting
- UW Bothell Student Fees
- HMC/UWMC EPIC System
- UW Bothell/Cascadia Service Agreement
- HMC/UWMC Patient A/R Write-offs
- College of Arts & Sciences – Physics
- HMC/UWMC Procard, Travel, Budgets
- Intercollegiate Athletics Compliance
- HMC/UWMC/UWP Anesthesiology
- HMC Whiteboard System Security
- Human Subjects Division
- Northwest Hospital – IT
- SOM - Metabolism
- Valley Medical EPIC System – Clinics

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 or UW Health System level. We did identify one critical issue related to the capture and recording of bed charges to the HMC/UWMC EPIC billing system. This deficiency has been resolved.

Our information system audits focused primarily on the implementation of new systems and the security, integrity, and availability of data stored in decentralized, department-owned systems. We found departments need to strengthen controls related to user access, change management, and disaster recovery.
2012 Audit Results

In 2012, 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 the capture and recording of bed charges to the HMC/UWMC EPIC billing system. This issue has been resolved by 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 implementation of the new billing system within the UW Health System, and the security, integrity and availability of data stored in decentralized, department-owned systems. We found departments need to strengthen controls over user access, change control and disaster recovery.

Internal Audit also met with management at Valley Medical Center and performed a post-implementation review of the new EPIC system within the Valley Medical Center clinics.

Summary of Key Areas Audited 2012

We completed a number of audits across both the Campus and UW Health System during 2012. 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.

Federal Grant Effort Reporting
We reviewed internal controls over the reporting and certification of effort and faculty cost sharing for Federal grants and contracts. We recommended that controls be strengthened over the certification of non-faculty effort and the re-certification of faculty effort.

HMC/UWMC Epic Systems
We performed a review of controls over the system interfaces to the EPIC billing system, posting of bed charges, UWMC cash drawer security and reconciliation, user access, security administration and production changes. We found one critical issue related to the to the capture and recording of bed charges to the EPIC billing system due to delayed or unsigned physician orders. Recommended improvements in the process have been implemented. We also recommended improvements in controls related to user access administration and maintenance and authorization of changes to the production environment.
Summary of Key Areas Audited 2012 (cont.)

HMC/UWMC Patient Accounts Receivables Write-Off
We reviewed controls over the write-off of accounts receivables, business continuity planning, and compliance with HIPAA and state requirements relating to charity care applications. We recommended streamlining the charity care application process, implementation of the EPIC system payer contracts module, development of policies and procedures over the research, analysis, and documentation of write-offs, monitoring staff access to HIPAA regulated data, training on the use of accounts receivable codes, and updating the business continuity plan.

HMC/UWMC Procard/Travel Card/Budget Review and Reconciliation
We reviewed controls over expenditures made using the Procard and Travel Card as well as the budget review and reconciliation process. We identified control improvement opportunities related to authorization of transactions, documentation to demonstrate HMC business purpose for the expense, and review of charges.

HMC/UWMC/UWP Anesthesiology
We performed a review of the controls over service capture, submission of charges to the UW Medicine billing system, resolution of rejected charges, and IT data security, integrity, and availability. We recommended improvements to controls related to the billing of services provided by Certified Registered Nurse Anesthetists. The recommendation resulted in the identification of previously unbilled charges of approximately $700,000 for HMC and UWMC.

Human Subjects Division
We reviewed internal controls related to oversight, training, and monitoring of compliance with federal, state, and University regulations related to the use of human subjects for research. We recommended that controls be strengthened over the documentation and updating of policies and procedures to ensure compliance with federal regulations; training of institutional review board members, researchers, and human subjects division staff; release of personally identifiable information; and monitoring of compliance with federal regulations.

School of Medicine - Metabolism
We reviewed controls over the post award fiscal management of grants and contracts. We recommended improvements related to documentation of key personnel effort and program income rates, approval for purchasing and expense transfer transactions, and monitoring of subcontracts.

UW Bothell Student Fees
We performed a review of the controls over the establishment, allocation, and expenditure of student activity and student technology fees. We identified control improvement opportunities related to defining roles and responsibilities, documenting that expenditures meet student intent, approval of expenditures, and timely reconciliation of budgets.
Summary of Key Areas Audited 2012 (cont.)

UW Bothell/Cascadia Service Agreement
We reviewed controls related to the updating of the shared services agreement between UW Bothell and Cascadia Community College and the billing and collection of fees. We did not identify any control weaknesses that required corrective action.

College of Arts & Sciences – Physics
We reviewed controls over the post award fiscal management of grants and contracts. We recommended improvements related to monitoring of effort certification reporting and timely completion of equipment fabrication journal vouchers.

Intercollegiate Athletics
We reviewed internal controls over governance and organization, continuing eligibility, financial aid, playing and practice seasons, and rules compliance related to forms and coaching limits/contracts. We did not identify any control weaknesses that required corrective action.

HMC Electronic Whiteboard System Security
We reviewed the security over the electronic whiteboard system to ensure compliance with UW Medicine security policies. We recommended strengthening controls over system administrator access. UW Medicine Compliance reviewed the controls over privacy.

Northwest Hospital IT General Controls
We performed an IT general controls review related to the McKesson STAR patient billing system and the HEFM financial management system. We recommended management improve controls over user, system administrator and system developer access, data center access, and encryption of back-up media.

Valley Medical EPIC Clinic Post Implementation
We reviewed controls over the recording of cash receipts in EPIC and that select patient appointments and encounters progressed through the clinic revenue cycle process as expected. We recommended VMC review how certain clinic services should be recorded in EPIC to ensure services provided are captured and billed.

Summary of 2013 Planned Audit Changes
Our 2013 audit plan was approved by the Board of Regents at the November 2012 meeting. Due to requests from management and/or changes in the risk profile of the originally planned areas for audit, we have made several changes to the plan, which are listed in Appendix A.
During calendar 2012, Internal Audit was able to complete more audits and investigations than originally planned for in our budget. As detailed above, we exceeded planned audits, investigations and management request hours by 2,200 hours (approximately 1.5FTE). We accomplished this by refocusing our efforts in these areas, experiencing lower than expected turnover, reorganizing our compliment of internal auditors, expanding our intern program and recognizing overtime hours not contemplated in the 2012 plan. The greatest amount of increased time occurred within the investigation work conducted in 2012. These investigations included a number of complicated situations, which required additional time to validate the allegations. Additionally, we maintained our plan to provide professional development opportunities for IA staff and provide the campus with risk mitigation services during 2012, as detailed on the following pages.

The Planned Audits estimated hours for 2013 represents an increase over both planned and actual hours incurred in 2012. We will continue our focus on these core activities, fill open positions within the department, expect to expand our team via increased support from UW Medicine (one FTE beginning in July 2013) and continued expansion of our Intern Program. Our increase in FTE from UW Medicine will allow expansion of our current work across the entire UW Medicine System, with increasing focus on the systems which support meaningful use of electronic medical records. 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, the conduct of internal investigations into fraud and ethics violations, pre-implementation reviews of new IT systems, review of specific risk areas as requested by management, audit liaison services to the campus, 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 controls as described within their responses to Internal Audit. 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. We have noted that management has responded by promptly addressing those areas identified by Internal Audit as high risk. A semi-annual report is provided to management with the results.

Percentage of Recommendations Implemented for the Years 2009-2012

![Percentage of Recommendations Implemented for the Years 2009-2012](chart.png)
Management Requests and Advisory Services
During 2012 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: an audit for the Center for AIDS Research European Union grant, direct assistance to KPMG with our external financial audit, a review of controls over architectural contracts in the Office of Planning and Budget, 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 is 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 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 2012.

Special Investigations
Internal Audit received 50 complaints in 2012 that required our attention. Of these, we carried out or are in the process of carrying out 46 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 and Medical Centers in their endeavor to strengthen internal controls. As such, we lead, provide and deliver trainings to campus and medical center groups in the areas of Internal Controls and Fraud Prevention, Grants Management, State Ethics Laws and Work and 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. Additionally, during 2012 we worked with UW Tacoma to develop an on-line Washington State Ethics course, which is now available to all employees on the Internal Audit website.
Additional Contributions by Internal Audit (cont.)

Participation in UW Committees
Internal Audit provides advisory input into a number of key initiatives on Campus and at the Medical Centers 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 Global Support Committee, the Compliance Officers Group, the Data Management Users Group and the Tax Strategy Team.

Quality Improvement Initiatives
Additionally, we undertook a number of internal initiatives in 2012 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;
- Revisions to our electronic work paper system templates; and
- Inclusion of risk based rankings in our semi-annual follow-up reports to management.

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.

Pacific Northwest Internal Audit Conference for Public Universities
Internal Audit led and participated in the third 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 2012 included the University of Alaska, Seattle University, Oregon Health Sciences University, Evergreen College, University of British Columbia, Boise State University, 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 2012 we employed three students as interns.
Appendices
Appendix A

Audit Results

During the course of calendar year 2012, we completed a number of audits that were in progress at the end of 2011, and completed or began most audits planned for 2012. 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 2013 planned audits, approved in November 2012.

### 2011 Carry-Over Audits

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
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<tbody>
<tr>
<td>Federal Grant Effort Reporting</td>
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<tr>
<td>HMC/UWMC EPIC System</td>
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<td>HMC/UWMC Patient Accounts Receivables Write-Off</td>
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<td>HMC/UWMC Procard/Travel Card/Budget Review &amp; Recon.</td>
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<td>HMC/UWMC/UWP Anesthesiology</td>
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<td>Human Subjects Division</td>
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<td>School of Medicine - Metabolism</td>
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<td>UW Bothell Student Fees</td>
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<td>Exception Pay</td>
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<td>HMC Emergency Services</td>
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<tr>
<td>Recharge/Cost Centers</td>
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<td>HMC/UWMC KRONOS (Payroll System)</td>
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### 2012 Planned Audits

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<td>Student Fees</td>
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2012 Planned Audits (cont.)

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<td>UW Tacoma Facilities Use</td>
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<td>Sponsor Billing and Collection</td>
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<td>UW Information Technology ISB Compliance</td>
<td>Replaced by Northwest Hospital</td>
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<td>IT General Controls</td>
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<td>Northwest Hospital Operating Room</td>
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2013 Planned Audit Changes

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<td>UW Tacoma Cash Receipts</td>
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<td>Valley Medical EPIC IT General Controls</td>
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<tr>
<td>Foster School of Business IT General Controls</td>
<td>Additional audit in response to management request – In progress</td>
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# Appendix B

## External Auditors – 2012

### Financial Statement and Agreed Upon Procedures Audits:

**KPMG**
- University of Washington
- Internal Lending Program
- Intercollegiate Athletics
- Commuter Services
- Portage Bay Insurance
- UW Alumni Association
- UW Foundation
- I-Tech Field Offices

- Harborview Medical Center
- UW Medical Center
- Northwest Hospital
- Valley Medical Center
- UW Physicians
- UW Physicians Network
- Airlift Northwest
- Seattle Cancer Care Alliance

**Peterson Sullivan**
- Metro Tract
- Housing & Food Services

- Student Life
- 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**

- **Center for Disease Control**
  - Fiscal Controls Audit, I-TECH Botswana

- **Environmental Protection Agency**
  - Grant Audit at Center for Urban Waters, UW Tacoma

- **Federal Drug Administration**
  - Human Subject Compliance

- **National Science Foundation**
  - University Wide Review of Grants procedures
  - Grant Audit at Departments of Chemistry and Mathematics
  - Business Services Review of Center for Nanotechnology

- **Occupational Health and Safety Administration**
  - Grant Audit at Construction Management

- **Office of Human Research Protection**
  - Compliance with Human Subject Protocols

- **Office of Naval Research**
  - Property control system analysis – Equipment Inventory Office
Appendix B

External Auditors – 2012 (cont.)

State, Local, Foreign and Private Agencies

European Union
   Grant Audit – Global Health
   Grant Audit – Jackson School

Inland Northwest Health Services
   Sub Recipient Monitoring – Health Services

King County
   Sub Recipient Monitoring - Pediatrics

Notre Dame University
   Sub Recipient Monitoring – Physics

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 Labor and Industries
   Grant Audit – Environmental & Occupational Health
VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

**Budget Update**

This item is for information only.

**Attachment**
Provost Advisory Committee for Students Board of Regents Recommendation
May 9, 2013
Provost Advisory Committee for Students Board of Regents Recommendation
May 9, 2013
Presented by Michael Kutz (Chair) and Elise Randall (Vice-Chair)
Executive Summary

The Provost Advisory Committee for Students has been meeting weekly this academic year to discuss central budgeting at the University. In our advisory capacity, we now offer this recommendation to the Board of Regents on the issues related to the budget that we feel are of greatest importance to students.

Tuition

With the state legislature cutting support for higher education in Washington, students have seen double-digit tuition increases for too many years. Students cannot afford another large increase. Therefore, PACS recommends a 3% resident undergraduate tuition increase and a corresponding 1% out-of-state tuition increase. We believe these increases will keep higher education accessible for all Washingtonians and ensure we maintain our ability to attract the best student from across the country and around the world.

Faculty Salaries

PACS recognizes the value of our faculty and staff to students, and endorses an end of the wage freeze and a salary increase for all meritorious faculty and staff that has a minimal impact on tuition. Our research suggests that, given our proposed tuition rates, the University could fund a 2% meritorious increase for faculty and staff. However, now and in the future, faculty salary increases should first be funded by the state legislature. We cannot afford to keep putting the burden on students to raise revenue.

Financial Aid

PACS strongly believes in the importance of maintaining and strengthening the UW’s commitment to financial aid. This means continuing Husky Promise and other financial aid programs for low-income students, increasing middle-class financial aid, and maintaining and expanding graduate student aid (through teaching and research assistantships, grants and subsidized loans).

Fee-Based Programs

These private programs are becoming increasingly common across campus without oversight, student input, or strategic growth planning. PACS strongly advises the University to consider what these programs mean for the University and involve students in the decisions to create new programs or switch state-supported programs over to private programs.

Student Involvement in Decision Making

Institutionalizing PACS in university policy has been an effective step towards keeping students involved in the central budgeting and decision-making process. PACS recommends that college councils also be institutionalized at the UW so that student needs and concerns are heard at the individual college level.

This year, a few college councils were up-and-running and able to submit comments on their college’s budgets. The School of Law Student Advisory Council highlighted their need for student work space and their concern over the school’s proposed enrollment increases.
The College of Built Environment Student Council support the moratorium on moving state-supported programs to fee-based, applaud the lowering of tuition in a few degrees at their college, and focus on the need of their college to continue to encourage interdisciplinary education. Furthermore, the School of Social Work recommended that PACS support their college’s Provost Reinvestment Fund Requests, as after working with their dean, the Social Work College Council understands and supports these requests. These comments, among others, helped PACS to shape this recommendation.

**Provost Reinvestment Funds**
Providing that there is additional incremental revenue after faculty salary increases, PACS recommends funding the following categories of Provost Reinvestment Funds:
- Compliance
- Classroom Technology
- Advancement Campaign
- Staffing
- Information Technology

We will comment further on the prioritization of these funds as more information is available. However, if there is no incremental revenue left after faculty salary increases, **PACS does not support raising tuition rates further to fund these requests.**
The Provost Advisory Committee for Students (PACS) was created two 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 regularly 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 tuition levels, faculty salary increases, fee-based programs, financial aid, student involvement in decision making, and the allocation of Provost Reinvestment Funds.

**Tuition**

At the heart of PACS’ role is giving a recommendation on tuition and financial aid each year. PACS very strongly believes that no student should have to forgo an education at the University due to an inability to pay. In light of this, PACS asks the University to ensure that tuition remains affordable for all students. All students means undergraduate and graduate students, coming from in and out of the state. All of these student groups are important to the future success of this university and their needs must be considered.

Over the past few years, students have borne the brunt of massive cuts to higher education through drastic tuition increases. This cannot continue. Not only are students saddled with ever-larger debts that undermine their long-term financial stability, more and more students are deterred from applying to college by these tuition increases.

The evidence of this can be found in Washington's low college participation rates. While college participation rates increased nationwide and in other WICHE states over the past twenty years, the portion of Washington's population that enrolled in higher education has remained relatively stagnant.\(^1\) As Washington's colleges and universities have become less affordable compared to the median family income, the state has not been able to keep up with national degree production rates. Currently, Washington ranks 42nd nationwide in the number of degrees produced per capita.\(^2\) Below average degree production hurts Washington's economy and inhibits the development of a skilled workforce.

Students can't afford another tuition hike and neither can Washington's economy. The University of Washington must play a leadership role in ensuring that Washington's residents are prepared for a 21st Century workforce. Therefore, **PACS recommends a 3% resident undergraduate tuition increase and a corresponding 1% out-of-state tuition increase to keep higher education accessible for all Washingtonians.**


This recommendation is based upon the assumption that the State will provide only maintenance level funding with no new monies. It also assumes that the proposed graduate tuition rates will be enacted. PACS did not have the information or scope to investigate all of the proposed graduate tuition increases.

We firmly believe that this rate is the best compromise to raise the necessary incremental revenue to address some of the most urgent needs of campus while keeping our education accessible.

Faculty Salaries
PACS has spent a considerable amount of time this year reviewing the implications of faculty salary increases and conducting outreach to our various student organizations on the issue. We have received an endorsement from both the ASUW Student Senate and the Arts and Sciences Advisory Council for Students (ASACS) for state-funded faculty salary increases, and, if those are not available, salary increases with a minimum impact on tuition. It is important to note that ASACS represents both undergraduates and graduate students, and that a Graduate and Professional Student Senate survey of graduate students showed strong support for excellence in education.

We value and understand the University’s focus on salary increases this year. The reputation of UW, and the funding we receive from federal research grants, is built upon our excellent faculty. We recognize that faculty have made sacrifices over the past four years during the wage freeze, and we agree that wage increases need to be funded immediately in order to avoid a significant drop in faculty morale and retention.

With this background, and information we’ve received from University leaders such as Provost Cauce and Faculty Senate Chair Jim Gregory, we are prepared to endorse an end of the wage freeze and a salary increase for all meritorious faculty and staff that has a minimal impact on tuition.

Our research suggests that, given our proposed tuition rates, the University could fund a 2% meritorious increase for faculty and staff.

This number, again, is based on an assumption that there will be no new state funding for higher education. Students want the faculty to know how important they are and to make a statement that excellent faculty are critical to UW. However, this increase is the highest that students can afford, after years of double-digit tuition increases. Any salary increase, both this year and for future years, should be first funded from state revenue, as we cannot continue funding university budgeting needs solely on the backs of students.
Financial Aid
Financial aid is critical to keeping tuition 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.

The need for financial aid at this University is stronger than ever - our research estimates that for a student to pay the full cost of education (tuition, fees, books, room & board, and personal expenses) on their own, they would need to work over 54 hours per week all year. Furthermore, if a student from a Washington family making $60-$70k per year were to receive the full state and federal aid they were eligible for (including loans), as well as the full estimated family contribution, they would have close to $15,000 in unfunded costs, the highest of any income group using these estimates. In our view, this highlights the need for strategic institutional aid for the middle class while continuing our excellent 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.

Fee-Based Programs
These private programs are becoming increasingly common across campus without oversight, student input, or strategic growth planning. PACS strongly advises the University to consider what these programs mean for the University and involve students in the decisions to create new programs or switch state-supported programs over to private programs.

Student Involvement in Decision Making
Student input is key to the success and transparency of the University of Washington. PACS has been given this opportunity to represent students’ voice in the central budgeting process. In the fall, PACS published budgeting principles. These ideas are central to PACS’ recommendation to the Provost, and are important to reiterate in this budgeting process. Principle number three focused on student involvement in budgeting decisions at the college level.

To this end, PACS fully supports the creation of student college councils, as well as the development of their budgeting recommendations. Throughout this school year, various councils have been forming and getting educated about budgeting and decision-making at their college. We are encouraged by their progress, but continue to look for support from deans of colleges that have councils already, and those without such a group. We strongly support policies and practices that engage student governing bodies during both the development and implementation of new policies.

Some college councils provided budget recommendations to PACS, based upon their discussions with their deans and students. Among others, these recommendations include:

- **The College of Built Environment Student Council** supporting affordable tuition, the moratorium on fee-based programs, interdisciplinary studies, and the creation of new degrees and opening of classes to new students (as long as the educational quality remains consistent).
- **The School of Law Student Advisory Council** supporting affordable tuition, concern over the college’s plan to reorganize student work space, and questioning the college’s decision to increase enrollment while not addressing budgetary issues at the law school.

**Provost Reinvestment Funds**

Provost Reinvestment Funds are a substantial part of the central budget process, and PACS’ input into their allocation reflects the transparency and accountability that PACS works to create within the central administration. Transparency and accountability encourage a collaborative educational and work environment and promote trust. They also promote a wide range of perspectives that can inform and improve decision-making among university leaders. PACS encourages policies and practices that ensure investments are having their intended impact.

At this time, it is uncertain how much revenue will be left for Provost Reinvestment Funds. If, after faculty salary increases, there is not enough money left to fund the following categories, PACS **does not** encourage increasing tuition to fund these requests. However, if there is money, the following categories should be funded:

- Compliance
- Classroom Technology
- Advancement Campaign
- Staffing
- Information Technology
- Miscellaneous

In addition, college councils have recommended the following specific investments (in no particular order):

- Exploration of a new collaborative undergraduate institute- Social Work
- Continued permanent funding of the Indigenous Wellness Research Institute - Social Work
- Seed Funds for Inter-professional Education (IPE) centric activities - Social Work
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 general principles and recommendations to be used by the Provost and other budget officers at the University of Washington during the drafting and implementation of the FY2014 budget as well as future budgets until the submission of new principles by the Chair of the Provost’s Advisory Committee for Students (PACS).

Principle 1: Increase Affordability.

No student should have to forgo an education at the University due to an inability to pay.

a. Ensure tuition remains affordable 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. Consider the ability for units to access alternative funding streams that do not directly depend on student tuition or fees.

e. Continue the moratorium on new fee-based programs; develop a comprehensive policy defining criteria for when new programs should be fee-based as well as criteria for bringing existing fee-based programs back to state funding.

Principle 2: Maintain Educational Quality.

All students are entitled to a high quality education, whether through classroom instruction, research, or extracurriculars.

a. Emphasize pedagogical integrity as units find more efficient ways of providing courses, especially in the context of online courses.

b. Maintain funding for teaching assistant positions, as these positions are essential to the quality of undergraduate instruction and create opportunities for graduate students to develop professionally.

c. Prioritize administrative services 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 advising, tutoring programs, and other student services.

e. Ensure support is provided to teaching assistants to cope with changing classroom dynamics including growth in class sizes and new instructional delivery methods.
Principle 3: Strengthen student participation.

Maintain and strengthen student participation in setting and continuing program and course fees while being sensitive to the financial burdens caused by expanded fees.

a. Units should communicate potential tuition increases to students before the budget is finalized by the Provost.
b. Standardize necessary student input into fee creation across units.
c. Ensure that students are notified of potential changes to tuition and fees during the decision making process, with enough time to provide valuable input.
d. Create student advisory bodies at the college level to advise Deans on policy matters and tuition and budgetary decisions.
e. Support policies and practices that engage student governing bodies during both the development and implementation of new policies.

Principle 4: Build upon Transparency and Accountability.

Transparency and accountability encourage a collaborative educational and work environment and promote trust. They also promote a wide range of perspectives that can inform and improve decision making among university leaders.

a. Ensure that all requested budgetary and planning information are available to student groups like PACS and college-level student councils.
b. Encourage units to continue to develop metrics of quality specific to them and disseminate them appropriately.
c. Encourage the development of metrics in large lower division classes so that quality and/or outcomes can be assessed as course offerings change.
d. Develop metrics that track time to graduation for each major.
e. PACS should encourage policies and practices that ensure investments are having their intended impact.
University of Washington
Board of Regents
Resolution of Appreciation to
Sally Jewell

WHEREAS, Sally Jewell almost summited as a member of the University of Washington Board of Regents, falling just months short of two terms of dazzling service to the Board, the University of Washington, the citizens of the state, and the denizens of the forests and creatures of the sea and air; and

WHEREAS, in a crowning achievement, she is abandoning the climb and leaving the Board to serve her country as Secretary of the Interior and a member of President Barack Obama’s Cabinet; and

WHEREAS, after graduating from the University of Washington with a degree in mechanical engineering, as well as with a real mechanical engineer, she set out exploring for oil, loaned other people’s money, and ended up dressing people in fleece and spandex; and

WHEREAS, she ascended to positions of leadership on the Board, serving as chair in 2005-06, vice-chair in 2004-05, as representative to the UW Medicine Board since 2007 and at various times as chair or vice chair of the Finance, Audit and Facilities and Academic and Student Affairs Committees, as well as serving on two Presidential Search Advisory Committees; and

WHEREAS, her steadfast commitment to high quality higher education and the University of Washington and its values was manifest throughout her years of service, resulting in pearls of wisdom dropping prolifically from her lips on virtually every occasion for which wisdom was or could be warranted; and

WHEREAS, no matter what facet of the University’s diverse and complex mission came before the Board, her laser-like focus on excellence and performance and her immense regard for sterling faculty and student welfare contributed immeasurably to maintaining the University’s unwavering course as one of America’s preeminent research universities; and

WHEREAS, her astute business acumen and expertise in management and leadership resulted in a plethora of policy and practical improvements that made the University a more effective, efficient, and collaborative enterprise; and

WHEREAS, her diamond-like brilliance, her polished grace and good humor, her unbounded enthusiasm and her passion for her alma mater made her an absolute gem of a Regent;

NOW, THEREFORE, BE IT RESOLVED: That the members of the Board of Regents express to Sally Jewell their sincere gratitude and admiration on behalf of the entire University community, and their own personal thanks for her friendship, her loyal service, and her shining example as a Regent par excellence, that we wish her continued success, happiness and good cheer as she takes on her newest challenge in service to our country, that we will miss her greatly and hope this resolution does not evoke the usual tears of Jewell joy, and that this resolution be spread upon the minutes of the Board as a permanent record of the Board’s sincere appreciation.