

## 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 Executive Vice President in Executive 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.

**1. Report of Actions Taken Under General Delegated Authority****Magnuson Health Sciences Center D-Wing 165 Dental Simulation Stations,  
Project No. 200904****Action Reported: Appoint Architect and Establish Project Budget**

On August 24, 2007, an agreement for architectural services was awarded to Hoshide Williams Architects for the Magnuson Health Sciences Center D-Wing 165 Simulation Stations project. The value of the design contract is \$104,730. The proposed budget for all consultant services for the project is \$224,899. The balance of the design budget is intended for further design refinement, site investigations and construction phase services.

Hoshide Williams was founded in Seattle in 1984 and has a successful track record of laboratory and health science renovation projects at the University. Recent projects include the Magnuson Health Sciences Library Renovation and the Hitchcock Hall 316-324 Classroom Improvements for the Department of Biology.

This remodel will create the necessary space to accommodate 17 new dental simulation stations, increasing the total to 73. These state of the art simulation stations are an integral component of the School of Dentistry curriculum and will allow for an expanded enrollment for the 2008 fall quarter.

Construction is expected to begin in April of 2008. Occupancy is anticipated for September 2008. The project budget is established at \$1,973,047.

The project is funded from 2007-2009 State Appropriations in the amount of \$1,938,000, School of Dentistry funds of \$74,116, and UW Central funds of \$10,330 for a total funding of \$2,022,446.

<b>Estimated Budget Summary</b>	<b>Current Approved Budget</b>	<b>Forecast Cost at Completion</b>
Total Consultant Services	<b>\$ 224,899</b>	<b>\$ 224,899</b>
Total Construction Cost *	<b>\$ 1,270,624</b>	<b>\$ 1,270,624</b>
Other Costs	<b>\$ 331,753</b>	<b>\$ 331,753</b>
Project Administration	<b>\$ 145,771</b>	<b>\$ 145,771</b>
<b>Total Project Budget</b>	<b>\$ 1,973,047</b>	<b>\$ 1,973,047</b>

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

**Fairmont Olympic Hotel, Metropolitan Tract**

## VII. STANDING COMMITTEES

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#### Actions Taken Under Delegated Authority (continued p. 2)

##### **Action Reported: Assignment of Lease**

On September 18, 2007, Legacy REIT, a publicly traded Canadian real estate investment trust, and indirect owner of the Fairmont Olympic Hotel lease (“Hotel Lease”) since August, 2003, was purchased by Cadbridge Investors, LP, a limited partnership consisting of Cadim (a division of the Caisse de depot et placement du Quebec) and Westmont Hospitality Group (one of the largest private owners of hotels in the world).

The tenant under the Hotel Lease is LHCS Holding Hotel (2002), a wholly owned subsidiary of the Legacy REIT. Under this transaction, the Legacy REIT would disappear as a publicly-traded entity, and the net result of the transaction will be a privatization of the REIT. Although the transfer occurred several levels above the tenant entity, this transfer of the Legacy REIT units would constitute an assignment under the Olympic Hotel Lease, requiring the University's consent as to the identity of the new owner. The management of the hotel by Fairmont Hotels and Resorts (U.S.), Inc. will not change.

Following due diligence on the acquiring entity and thorough review of the Hotel Lease documents, the University consented to this lease assignment.

##### **Information on Buyer**

Westmont was founded 30 years ago and is one of the largest private owners of hotels in the world, having stakes in approximately 400 hotels in North America, Europe and Japan. While their ownership covers a wide range of hotel properties, included in the luxury category of their portfolio are the Pan Pacific (Vancouver) and several Hilton hotels. Westmont is based in Toronto and is privately owned; its principals are Majid Mangalji, Moez Mangalji and Fereed Mangalji, each of whom has more than 20 years experience in the hotel industry.

Cadim is a division of the Caisse de depot et placement du Quebec, which is a Canadian financial institution that manages funds primarily for public and private insurance plans. As of December 31, 2006, it held \$143 billion (CAN) of net assets. Cadim is a global real estate investment manager and is a member of the Caisse's real estate group. As of December 31, 2006, Cadim had total assets under management of \$36 billion.

We are able to conclude that the buying entity is comprised of sophisticated and knowledgeable personnel with deep experience in the hotel industry. They have confirmed, as well, that the day-to-day operation and management of the Hotel will not change, inasmuch as Fairmont will remain as the hotel manager under its existing hotel management agreement (the initial term of which runs until December 31, 2027). Westmont will provide asset management services to Fairmont and to the new ownership group.

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**2. Report of Actions Taken Under Specific Delegated Authority**

**University of Washington Tacoma - Philip Hall (Assembly Hall), Project No. 10686  
Action Reported: Construction Contract Award**

**Project Description**

Following Regent approval in October 2006 of the President’s delegated authority to award a construction contract for the UW Tacoma (UWT) Philip Hall project, subject to no significant changes in scope, the forecast cost being within 10% of the budget and funding being in place, a construction contract for \$6,768,725 was awarded to John Korsmo Construction on September 5, 2007. Five bids were received for the project, which included four alternates. UW Tacoma selected alternates 1 and 3. The high bid, including alternates 1 and 3, was \$7,150,000. The budgeted construction cost, including alternates 1 and 3, was \$6,816,000.

Korsmo Construction is a Tacoma based firm that was established in the late 1940’s providing a wide variety of construction services, with a broad range of project types. Projects for Korsmo construction include K-12 facilities, light industrial and commercial projects. Korsmo Construction in a joint-venture with Watts Constructors is completing the restoration of the Paradise Inn and the new Jackson Visitor Center at Mt. Rainier National Park. This is its first project for the University of Washington.

This project will replace the existing UW Tacoma facility know as “the Dawg Shed” with a new 20,250 gross square foot assembly hall to meet the need for a large multi-purpose gathering space on campus. The site is located in the heart of the central campus east of the library on Pacific Avenue. The building will function as an assembly space (for 350-500 people) for lecture events, banquets, career fairs, and student exhibits. At other times the space will be used as a student commons for studying and as a student gathering place. The ground floor space on Pacific Avenue will be constructed as a pedestrian-oriented retail space.

Construction activities started in September 2007, and are expected to be complete August 2008 for occupancy at the start of fall quarter 2008.

The project budget is \$12,070,000; the forecasted cost at completion is \$11,242,121. The committed project funding includes \$4,089,141 from the University of Washington Tacoma, \$7,500,000 from 2005 – 2007 State Appropriation, \$368,393 of UWT Retail Revenue, and \$112,466 of University Central Funds.

<b>Budget Summary:</b>	<b>Current Approved Budget</b>	<b>Forecast Cost at Completion</b>
Total Consultant Services	\$1,961,100	\$1,720,178
Total Construction Cost*	\$9,271,375	\$8,723,372
Other Costs	264,197	\$205,261
Project Administration	\$573,328	\$573,328
<b>Total Project Budget</b>	<b>\$12,070,000</b>	<b>\$11,242,121</b>

\*Includes construction contract, construction contingency, and State sales tax